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ABSTRACT

Some of the purposes of this Uniform Accounting Manual for the public junior colleges in Illinois are to provide the following: (1) guidelines for establishing a sound financial accounting system; (2) information on policies, procedures, and forms necessary to meet legal requirements of the State of Illinois for the public junior colleges; (3) a system for the development of uniform and comparable financial data on junior college operations; (4) accurate and timely financial information for all levels of management to serve as a basis for management decisions; (5) uniform terminology and classification of accounts; and (6) a base for cost accounting that will facilitate the preparation of the Unit Cost Study. The chapters of the manual are as follows: I. Philosophies and Objectives, II. Legal Basis and Related Fiscal Policy, III. Account Descriptions, IV. Chart of Accounts, V. The Budget, VI. Internal Control, and VII. External Independent Audit. Appendixes provide the Legal Basis, Definition of Terms, Financial Statements, and External Audits. (DB)

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ILLINOIS JUNIOR COLLEGE MANAGEMENT INFORMATION SYSTEM

MANUAL I: FINANCE

UNIFORM ACCOUNTING MANUAL

1972 Edition

For

1972–73

Published by

ILLINOIS JUNIOR COLLEGE BOARD
544 Iles Park Place
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FOREWORD

The chief finance officers of the Illinois public junior colleges were appointed as a committee by the Executive Secretary of the Illinois Junior College Board in 1966 for the purpose of drafting a uniform accounting manual. The first year the committee, chaired by Dr. James S. Spencer, Associate Secretary of the Illinois Junior College Board, prepared a tentative draft of several chapters, the most complete of which was the chart of accounts. This chart of accounts and budget format was used from 1968 through the fall of 1970.

In September of 1968, Dr. Carl E. Thornblad replaced Dr. Spencer as project coordinator. The first draft of the manual was published November 7, 1969. This draft enlarged the scope of the manual from an accounting manual to a reference manual in all financial areas for the Board of Trustees and administrators, as well as finance officers and business management personnel.

An editing and approval procedure plus a timeline was established. An Editing Committee was appointed and charged with the responsibility of performing the various types of editing chores required. Mr. Donald Hill, Vice-Chancellor for Business Affairs of City Colleges of Chicago, and Robert Dale, Vice President--Business Management of Triton College, were appointed co-editors of the committee. The first draft was edited and presented to the Committee of Chief Finance Officers February 26, 1970. This revision, together with their recommendations, became the final first draft.

Mr. Gerald W. Smith, Executive Secretary (retired) initiated and guided the preparation of this manual until his retirement in June of 1970. Dr. Fred L. Wellman succeeded Mr. Smith as Executive Secretary of the Illinois Junior College Board on July 1, 1970, and was responsible for the draft edition's approval by the Board on July 10, 1970.

The 1970 draft edition was approved for use on a trial basis during fiscal year 1971, during which time revisions and modifications were made.

The Association of Illinois Junior College Chief Business Administrators appointed a Review Committee in October of 1970. The committee, chaired by William Mann, Vice President at Harper College, was officially recognized by Dr. Wellmanan as the group to update and make necessary revisions in the 1970 draft edition.

Following the completion of its task, the committee presented the 1971 edition of the manual to the Association of Illinois Junior College Chief Business Administrators for approval at its March, 1971 meeting. The manual was subsequently endorsed by the Council of Presidents and submitted to the Illinois Junior College Board for final adoption in May, 1971.

The Accounting Manual Committee of the Association of Illinois Junior College Chief Business Administrators met in March of 1972 to discuss proposed revisions in the accounting manual. Briefly these changes were:

a. Changes in the format of the Revenue section of the Annual Financial and Program Report.

b. Changes in the chart of accounts in relation to the areas of Instruction and Public Service (Chapter 3).

c. The audit requirements in Chapter 7 were expanded to include:

    1. Filing requirements for audit reports.
    2. A standardized set of statements to be included with each audit.
    3. Certain minimum requirements for enrollment verifications.

All public junior and community colleges in Illinois will be required to follow the policies, procedures, and format of the Uniform Accounting Manual for fiscal year 1972 and thereafter to qualify for state funding and recognition by the Illinois JuniorCollege Board.

The purposes of a Uniform Accounting Manual for the public junior colleges include the following major objectives:

1. Provide guidelines for establishing a sound financial accounting system.

2. Provide information on policies, procedures and forms necessary to meet legal requirements of the State of Illinois for the public junior colleges.

3. Provide a system for the development of uniform and comparable financial data on junior college operations.

4. Provide accurate and timely financial information for all levels of management to serve as a basis for management decisions.

5. Provide uniform terminology and classification of accounts.

6. Provide a base for cost accounting that will facilitate the preparation of the Unit Cost Study.

ACKNOWLEDGMENTS

The following list of college business administrators includes the official representatives of the several colleges at the time of publication of this report. These people, plus many others, contributed to the current working document.

Special appreciation is due the following:

From the Illinois Junior College Board:

Mr. Gerald Smith - Retired Executive Secretary
Dr. James Spencer - First Coordinator
Dr. Carl Thornblad - Second Coordinator
Editor 1970 Draft
Mr. William Matlack - Third Coordinator
Dr. Fred Wellman - Executive Secretary
Dr. Richard Fox - Associate Secretary
Dr. Robert Ross - Auditor-Fiscal Analyst

From the Board of Higher Education:

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Dr. Robert Pringle

From the Board of Vocational Education & Rehabilitation:

Mr. Everett Hamilton

From Northern Illinois University:

Dr. Henry Yankow

From Accounting Firms:

Mr. Robert Coker, C.P.A. - Clifton, Gunderson, Coker, DeBruyn
Mr. Robert Kuhn, C.P.A. - Ernst & Ernst
Mr. William Hasse - Arthur Young

From the Colleges:

Dr. James Perry, Harper - First State Chairman

From the Colleges (cont.)

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CHAPTER I

PHILOSOPHIES AND OBJECTIVES

I. INTRODUCTION

The junior college has long been a part of the American educational scene, but the comprehensive community college has only recently become a major educational force. Historically, the development has been characterized by the adoption and adaptation of policies and procedures of other educational institutions. This appeared to be no handicap initially as the movement sought its own identity and place in the educational structure. At present, however, tremendous growth combined with evolvement in unique functions and objectives has increasingly demonstrated the inadequacy of many of the policies and procedures which had been "borrowed."

According to A Dictionary for Accountants, accounting is a broad concept of recording and reporting financial transactions. Specifically defined accounting is concerned with: (1) the design of a financial control and recording system, (2) bookkeeping or maintaining the records of financial transactions, (3) auditing or continually testing at various periods the effectiveness of controls and the accuracy and propriety of records, and (4) reporting or revealing and interpreting the financial information.

Experience has demonstrated that the accounting structures of the elementary and secondary schools, and the four-year colleges and universities provide neither the necessary management information nor safeguards for this unique type of institution. The need to give meaningful financial information to controlling boards, administrators, the public, and the executive and legislative branches of government has accentuated the need to study existing accounting and budgetary methods.

Financial accounting is a necessary complement to the educational program. This manual is intended to provide guidelines for establishing sound financial accounting systems in all Illinois public junior colleges. In order to observe and interpret financial data, proper accounting methods are imperative. Illinois public junior colleges operate on a modified accrual basis of accounting, since adequate financial records can best be maintained through the use of an accrual system. It is also recognized that federal and state reporting can best be accomplished by the use of an accrual system. In order to

adequately maintain an accrual system, an obligation will be placed on the local governing board to employ an individual who has competence in the accounting field. It is not suggested that the chief finance officer necessarily be an accountant, but that at least one member of the business office possess this competence.

A state adopted uniform accounting system should meet the following criteria:

1. Demonstrate compliance with statutory provisions.

2. Provide a basis for uniform budgeting, auditing and reporting within the limits required by the state system.

3. Establish the basis for comparable cost studies.

4. Produce the necessary data at the local level to expeditiously meet local, state and federal needs for comparable financial data that is compatible with other educational management information.

II. PRINCIPLES OF FINANCE

LEGAL PROVISIONS MUST TAKE PRECEDENCE IF LEGAL AND SOUND ACCOUNTING PROVISIONS CONFLICT. It is the obligation of the governing board and the personnel of the college to recommend changes in the law which eliminate conflicts with generally accepted accounting principles.

FUNDS MUST BE ESTABLISHED AS REQUIRED BY LAW. A complete self-balancing group of accounts must be established for each fund. This group should include accounts necessary to set forth the financial position and the results of operations consistent with legal provisions. It should also meet the requirements of sound financial administration. The budget document and financial reports should be prepared in accordance with the fund's account classification.

ANNUAL INDEPENDENT AUDITS ARE REQUIRED BY LAW OF ALL FUNDS. An audit of all financial transactions and of student enrollments used as a basis for state financial support must be submitted to the State Board each year. The independent licensed auditor is selected by and reports to the local board.

MODIFIED ACCRUAL ACCOUNTING FOR REVENUES AND EXPENDITURES IS BASIC TO GOVERNMENTAL ACCOUNTING. Since the purpose of accounting is to provide information with which to make decisions, it

is imperative that financial data used in the decision making process be current. For the purpose of this manual, modified accrual in intended to mean:[1]

Receipts - Transactions for major revenue such as tax levies, state apportionment claims, federal or state grants shall be recorded as current revenue or deferred revenue when they become an obligation for a second party to pay.

Expenditures - Transactions for expenditures are to be recorded when they have been reduced to a legal or contractual right or obligation to pay.

THE ACCOUNTING SYSTEM SHOULD PROVIDE FOR A DOUBLE-ENTRY BASIS OF RECORDING WITHIN A SELF-BALANCING GROUP OF FUNDS. Financial transactions should be recorded in terms of debits and credits in a general ledger, from subsidiary books and/or records of original entry.

THE CHARTS OF ACCOUNTS SHOULD BE IN DETAIL TO RECORD REVENUES BY FUND AND SOURCE AND TO RECORD EXPENDITURES BY FUND, FUNCTION, SUB-FUNCTION, ORGANIZATION UNIT, OBJECT AND SUB-OBJECT. The account classification system should permit reporting to governmental agencies and others on a consistent basis and should be easily adapted to electronic data processing.

THE ACCOUNTING SYSTEM SHOULD PROVIDE FOR BUDGETARY CONTROL OF REVENUES AND EXPENDITURES WHICH ESTABLISH A DIRECT RELATIONSHIP BETWEEN THE FINANCIAL BUDGET AND ACCOUNTING REPORTS OF OPERATION. For management control, obligations should be recorded on an encumbrance basis at the time commitments are made: e.g., when a requisition is approved or a purchase order is issued.

COST ACCOUNTING SYSTEMS SHOULD BE ESTABLISHED TO PROVIDE FOR THE RECORDING OF ALL ELEMENTS OF COST INCURRED BY COST CENTERS. Cost centers are made up of activities which have cost characteristics identifiable with a single management responsibility.

(1) A study committee has been appointed to recommend a common procedure that would provide comparable data on the accrual basis and also analyze I.B.A. rental payments and retirement benefits paid by the State of Illinois but not reflected in local college records.

A SEPARATE FUND SHOULD BE ESTABLISHED FOR THOSE ACCOUNTS RELATING TO CURRENT ASSETS AND CURRENT LIABILITIES AND THOSE RELATING TO FIXED ASSETS AND LONG-TERM LIABILITIES. Fixed assets and long-term liabilities should be shown in a separate self-balancing group of accounts.

DEPRECIATION ON PLANT ASSETS SHOULD NOT BE RECORDED IN THE FORMAL ACCOUNTS UNLESS CASH FOR REPLACEMENTS CAN LEGALLY BE SET ASIDE. Depreciation on such assets may be computed for unit cost purposes even if cash for replacements cannot legally be set aside providing depreciation allowances are reflected in off-setting memorandum accounts only and are not reflected in the financial statements. In the case of non-expendable and self-supporting funds, however, depreciation may be recorded.

COMMON TERMINOLOGY AND CLASSIFICATIONS SHOULD BE APPLIED CONSISTENTLY THROUGHOUT THE BUDGET, THE ACCOUNTS, FINANCIAL REPORTS, AND OTHER MANAGEMENT REPORTS. Commonality of terms is essential to efficient analysis of the operation of an institution as complex as a junior college. Data collected for various purposes should have as a basis the common definition of basic terms.

III. ORGANIZATION OF THE MANUAL

The FINANCE MANUAL is designed (1) to provide chief finance officers and other administrators with a summary of laws and policies which relate specifically to Illinois public junior colleges, and (2) to provide uniformity in accounting, budgeting, auditing and reporting procedures and practices.

A. Laws and Policies

The basis of the financial operation of a public junior college is established by statutory regulation. In Illinois these statutes are known as "The Illinois Public Junior College Act," plus sections of the Illinois "School Code" and other statutes as specified by the Public Junior College Act. Every financial transaction must be supported by statutory authority. The statutes used most frequently for financial references have been included in Appendix A.

Policies of the Illinois Junior College Board are established where indicated by law. Such policies have the effect of law when filed with the Attorney General. Policies, regulations, and guidelines established by the Illinois Junior College Board involving finances at local junior colleges have been itemized in the second chapter.

B. Chart of Accounts

The basic coding system has been designed to provide a common numerical code for the major units of the chart of accounts. This system has standardized the coding of those units that are of interest for summation and comparability at the state level. At the same time it has retained a high degree of flexibility for coding those units that may be unique to the local college. The standardized coding system provides a degree of similarity among all junior college financial operations.

The chart of accounts is an organized list of accounts used in the accounting system. The list contained in Chapter III by no means limits the local college but rather establishes standardization at summary levels. This allows freedom for the local college to maintain accounts in as great a detail as they desire and to structure their accounts to fit their unique administrative organization. Yet the ability to aggregate and compare at the state level is not hampered in any way, and sufficient account detail is insured. The chart of accounts was specifically designed to meet the needs and requirements of all junior colleges, regardless of size or degree of automation.

Several requests from the IJCB and other Illinois state agencies may be in a form utilizing the recently adopted HEGIS code numbers and terminology. It is expected that data in the current Chart of Accounts can be provided by the colleges in the HEGIS (WICHE) format.

C. Account Descriptions

The Illinois Public Junior College Act provides authority for the establishment of nine funds, as listed in the chart of accounts, for the receiving and expending of monies by the local public junior college. All accounts must be kept within these funds. Chapter IV sets forth definitions for major accounts used in the chart of accounts and specifies the limitations that are imposed on each fund.

D. Budget

Copies of the official budget format as presented in Chapter V must be filed with the Illinois Junior College Board, which will then submit copies to other state agencies. This document is designed primarily to furnish a variety of summary information that is comparable among all local colleges and to produce data that is compatible with other educational information obtained by the Illinois Junior College Board.

Local colleges may develop a budget format for internal use which reflects their individual organizational structure.

E. Internal Control

Internal control provides a system of checks and balances and promotes operational efficiency. The State Board does not prescribe any specific system but rather stipulates that the local junior college must provide a satisfactory system of internal financial control. Chapter VI is provided as a guide to the development of such a system.

F. External Audit

The external audit is required by law. Chapter VII was drafted with the aid of several certified public accountants who serve as auditors for Illinois public junior colleges ranging in size from one of the smallest to the largest. It is the intent of this chapter to provide guidance to the external auditor as well as the junior college administrators and the Boards of Trustees. As the external auditor must be hired by the Board of Trustees and must submit his report to them, this chapter in particular was prepared to provide the local trustee with a reference in respect to the annual audit.

G. Summary

Illinois public junior colleges are a state system of education financially supported by a combination of the State of Illinois, the local district taxpayers, and the students, with assistance from the federal government and private donors. The guiding philosophy of the Illinois system is to allow maximum local freedom and flexibility within state policies that will insure individuality, effectiveness and efficiency.

CHAPTER II

LEGAL BASIS AND RELATED FISCAL POLICY

I. LEGAL BASIS

The Illinois Public Junior College Act provides the legal basis for all junior colleges. Articles from the Act dealing directly with fiscal affairs are set forth in Appendix A of this manual. As legislative action changes the Act, Appendix A will be revised and distributed to all junior colleges.

II. FISCAL POLICY

The Junior College Act requires each junior college to follow certain fiscal procedures set down by the Junior College Board. Through adoption of this manual, the procedures, policies and statements contained in this section are established officially by the Junior College Board through powers granted in this Act.

A. Annual Financial and Program Report

The annual financial statement will contain two parts, the ANNUAL FINANCIAL REPORT and the ANNUAL PROGRAM REPORT. The statement to be published will be substantially in the form illustrated on pages 8 and 9.

The financial and program report shall be published in at least one newspaper having general circulation within the territory of the district, and if no such newspaper exists, then publications shall be made in two or more newspapers which together cover the territory. This statement must be published no later than November 15 following the close of the fiscal year. Three copies must be filed with the Illinois Junior College Board on or before December 1 following the close of the fiscal year. The Illinois Junior College Board will file one copy with the Board of Higher Education. Failure to cause the financial statements to be published by November 15 and/or failure to file the statements with the Illinois Junior College Board by December 1 will result in a suspension of state funding until the requirements are met. Resumption of funding may require favorable action by the state Board.

(College Name)
ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended_____

Junior College District No._____ Counties_____, _____
_____, State of Illinois

Total District
Assessed Valuation: $_____
Total District
Bonded Debt: $_____

Tax Rates:
Educational Fund _____
Building Fund:
Operating _____
Construction _____
Total _____
Working Cash Fund_____

STATEMENT OF REVENUE AND EXPENDITURES
For the Fiscal Year Ended_____

REVENUE BY SOURCE	Educational Fund	Building Fund	Bond and Interest Fund	Any Other Tax Fund
Local Government				
Current Taxes	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx
Back Taxes	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Payment in Lieu of Taxes	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Charge-back Revenue	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Non Junior College Territory	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Other Junior Colleges	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Other (List)	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Total Local Government	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
State Government				
State Apportionment Grants	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Equilization Grants	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Vocational-Technical Grants	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Public Service Grants	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Disadvantaged Student Projects	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Ill. Board of Voc. Ed. Reimbursement	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx

	Educational Fund	Building Fund	Bond and Interest Fund	Any Other Tax Fund
State Government (cont.)				
OSPI Grants	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx
Dept. of Local Gov. Affairs	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Ill. Board of Higher Education	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Other (List)	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Total State Government	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Federal Government				
Voc. Ed. Reimbursement	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Other (List)	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Total Federal Government	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Student Tuition and Fees	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Tuition	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Fees	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Other (List)	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Total Tuition and Fees	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Other Sources				
Sales and Service Fees	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Facilities Revenue	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Interest on Investments	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Non-governmental Grants	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Other Revenue (List)	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Total Other Sources	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
TOTAL REVENUE	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx
EXPENDITURES BY FUNCTION				
Instruction	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Learning Resource Center	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Student Services	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx

EXPENDITURES BY FUNCTION (cont.)	Educational Fund	Building Fund	Bond and Interest Fund	Any Other Tax Fund
Public Service	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx
Data Processing	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Auxiliary Services	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
Operation & Maintenance of Plant	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
General Administration	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
General Institutional	xxxx.xx	xxxx.xx	xxxx.xx	xxxx.xx
TOTAL EXPENDITURES	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx
Excess (or Deficiency) of Revenue over Expenditures	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx
FUND BALANCE, July 1, last	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx
FUND BALANCE, June 30, current	$xxxx.xx	$xxxx.xx	$xxxx.xx	$xxxx.xx

Along with the above financial statement the college will publish in brief narrative form a description of the programs offered, a statement of the objectives of the college's program, and the following student and staff data:

Enrollment Data by Semester or Quarter, including the Summer Term: Headcount _____ Full-Time Equivalent _____

Staff Data by Function: Full-time _____ Part-time _____

II. B. Purchasing Policy

Purchasing policies are determined by the local junior college board, subject to the provisions of the Public Junior College Act. Local boards shall establish policies which will provide economy and integrity in purchasing goods and services. Sections 3-27.1 and 7.23.1 of the Public Junior College Act refer to the purchasing requirements and are as follows:

Section 3-27.1, Contracts. To let all contracts for supplies, materials or work involving an expenditure in excess of $2,500 to the lowest responsible bidder after due advertisement, except contracts which by their nature are not adapted to award by competitive bidding, such as contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part, contracts for the printing of finance committee reports and departmental reports, contracts for the printing or engraving of bonds, tax warrants, and other evidences of indebtedness, contracts for utility services such as water, light, heat, telephone, or telegraph, contracts for materials and work which have been awarded to the lowest possible bidder after due advertisement, but due to unforeseen revisions, not the fault of the contractor for materials and work, must be revised causing expenditures not in excess of 10% of the contract price and contracts for the purchase of magazines, books, periodicals, pamphlets and reports, and except where funds are expended in an emergency and such emergency expenditure is approved by 3/4 of the members of the board. All competitive bids for contracts involving an expenditure in excess of $2,500 must be sealed by the bidder and must be opened by a member or employee of the board at a public bid opening at which the contents of the bids must be announced. Each bidder must receive at least three (3) days' notice of the time and place of such bid opening. For purposes of this Section due advertisement includes, but is not limited to, at least one public notice at least ten (10) days before the bid in a newspaper published in the district, or if no newspaper is published in the district, in a newspaper of general circulation in the area of the district.

Section 7-23.1, Contracts. The board shall let all contracts (other than those excepted by Section 3-27.1 of this Act) for supplies, materials or work involving an expenditure in excess of $2,500 by competitive bidding as provided in Section 3-27.1 of this Act.

C. Charge-back Reimbursement

The following definitions of costs and the form shown must be used in computation of per capita cost to be charged for out-of-district sutdents attending Illinois public junior colleges. Official forms should be obtained from the Illinois Junior College Board for the purpose of filing the annual charge-back with the state office. The per capita cost will be reduced by state apportionment and local student tuition for students who are Illinois residents, and local student tuition only for out-of-state students.

D. Computation of Charge-back Reimbursement

1. Includable Costs:

Educational Fund--

All operating expenditures for the last fiscal year.

Building Fund--

All operating expenditures for the last fiscal year.

Bond and Interest Fund--

All operating expenditures for the last fiscal year (interest and finance charges).

Capital Outlay--

Equipment purchased through the end of the last fiscal year is to be depreciated at the rate of 12.5% per year until amortized.

Temporary buildings completed by the end of the last fiscal year are depreciated at the rate of 12.5% and/or the annual lease payments.

Buildings completed by the end of the last fiscal year are depreciated at the rate of 2% on that portion funded by the local college until amortized.

2. Excludable Costs:

The Auxiliary Enterprises expenditures (i.e. expenditures from funds raised through sale of food,

lodging, textbooks, supplies, etc.)

The Trust and Agency Fund Expenditures.

The Bond Redemption outlay, as this is covered through depreciation or the expenditure of bond produced revenue.

The value of buildings funded by the State of Illinois

3. Computation:

All includable expenditures should be taken from and reconciled to the annual audit report. The net includable costs are devided by the total reimbursable credit hours as claimed for Illinois Junior College Board apportionment to obtain a total per credit hour cost. The total per credit hour cost is converted to per capita cost by multiplying the per credit hour cost by 30 semester hours or equivalent. From this the non-capital State and Federal funds, state flat rate grants and student tuition are subtracted. The per capita cost obtained in the above manner provides the official college district per capita cost.

The following section sets forth the official form to be used for the computation of the official per capita cost.

Illinois Junior College Board
CERTIFICATION OF CHARGE-BACK REIMBURSEMENT
Junior College District No.____
For Year 19____ - 19____

I. Education Fund Expenditures (Less Capital Outlay):

A. Instruction	$_____
B. Learning Resources	_____
C. Student Services	_____
D. Public Services	_____
E. Data Processing	_____
F. Auxiliary Services	_____
G. Operation & Maintenance of Plant	_____
H. General Administration	_____
I. General Institutional	_____
Sub Total	$_____

Add Capital Outlay Equipment from non-State and non-Federal Sources

1965-1966	$_____	x 12½% =	$_____
1966-1967	_____	x 12½% =	_____
1967-1968	_____	x 12½% =	_____
1968-1969	_____	x 12½% =	_____
1969-1970	_____	x 12½% =	_____
1970-1971	_____	x 12½% =	_____
1971-1972	_____	x 12½% =	_____
19__-19__	_____	x 12½% =	_____
Sub Total			$_____

Grand Total Education Fund $_____

II. Building Fund Expenditures (Less Capital Outlay):

A. Public Service	$_____
B. Data Processing	_____
C. Auxiliary Services	_____
D. Operation & Maintenance of Plant	_____
E. General Administration	_____
F. General Institutional	_____
Sub Total	$_____

Add Capital Outlay Equipment from non-State and non-Federal Sources

1965-1966	$_____	x 12½% =	$_____
1966-1967	_____	x 12½% =	_____
1967-1968	_____	x 12½% =	_____
1968-1969	_____	x 12½% =	_____
1969-1970	_____	x 12½% =	_____
1970-1971	_____	x 12½% =	_____
1971-1972	_____	x 12½% =	_____
19__-19__	_____	x 12½% =	_____
Sub Total			$_____

Add Capital Outlay Temporary Buildings from non-State and non-Federal Sources

1965-1966	$_____	x 12½% =	_____
1966-1967	_____	x 12½% =	_____
1967-1968	_____	x 12½% =	_____
1968-1969	_____	x 12½% =	_____
1969-1970	_____	x 12½% =	_____
1970-1971	_____	x 12½% =	_____
1971-1972	_____	x 12½% =	_____
19__-19__	_____	x 12½% =	_____
Sub Total			$_____

Grand Total Building Fund $_____

III. Bond and Interest Fund:
Interest Payments and Finance Charges 19__- 19__ $_____

IV. Site and Construction Fund

Capital Outlay Equipment from non-State and non-Federal Sources*

1966-1967	$_____	x 12½% =	$_____
1967-1968	_____	x 12½% =	_____
1968-1969	_____	x 12½% =	_____
1969-1970	_____	x 12½% =	_____
1970-1971	_____	x 12½% =	_____
1971-1972	_____	x 12½% =	_____
19__-19__	_____	x 12½% =	_____
Sub Total			$_____

Add Building Depreciation**

1967-1968	$_____	x 2% =	$_____
1968-1969	_____	x 2% =	_____
1969-1970	_____	x 2% =	_____
1970-1971	_____	x 2% =	_____
1971-1972	_____	x 2% =	_____
19__-19__	_____	x 2% =	_____
Sub Total			$_____

Grand Total Site and Construction Fund $_____

V. Grand Total All Expenditures for Computation $_____

VI. Computation of Full Time Equivalent Students (Semester hr. basis):
Data from State Apportionment Claims

	Summer Term or Semester	Fall Term or Semester	Winter*** Term	Spring Term or Semester	Yearly Totals
A. Sem. Hrs. Carried					
B. Full-time Load (Sem. Hr. Basis)					÷ 30
C. Av. Full-time Equiv. Annual Basis					

VII. Per Capita Cost = Item #V ÷ Item #VI (C) Total = $_____

VIII. Cost Per Semester Hour = Item #VII ÷ 30 semester hours = $_____

IX. A. Total Non-Capital State Funds Received Last Year (Exclude State flat-rate grants for apportionment and exclude equalization grants) $_____

B. Total Non-Capital State Funds per Semester Hour (Item #IX A ÷ Item #VI A) $_____

X. A. Total Non-Capital Federal Funds Received Last Year $_____

B. Total Non-Capital Federal Funds per Semester Hour (Item #X A ÷ Item #VI A) $_____

XI. Charge-back per Semester Hour

A. Cost of one Semester (Item #VIII) $_____

B. Less following deductions:

1. Student Tuition per Semester hour (current year) $_____
2. State flat rate grant (apportionment semester hour) (current year) $_____
3. Non-Capital State Funds per Semester hour (Item #IX B) $_____
4. Non-Capital Federal Funds per Semester hour (Item #X B) $_____

Total Deduction $_____

C. Amount to be charged back per Semester Hour $_____

D. Amount to be charged back per quarter hour (Item #XI C x 2/3) $_____

APPROVED:_____ _____
Chief Business Officer Date

APPROVED:_____ _____
College President Date

* Includes local college dollars spent on movable equipment only.
** Includes local college dollars spent on building and fixed equipment only. (Does not include state and federal monies or land values.)
*** Districts on a quarter system only.

These pages were
~~THIS PAGE WAS~~ MISSING FROM THE DOCUMENT THAT WAS SUBMITTED TO ERIC DOCUMENT REPRODUCTION SERVICE:

pages 16-39

CODIFICATION SYSTEM ILLUSTRATED (Cont.)

110-800-000	INSTRUCTIONAL PROGRAM ADMINISTRATION
110-811-000	Baccalaureate-Oriented Transfer Programs
110-812-000	Occupational-Career Programs
110-813-000	General Studies Programs
110-815-000	Developmental Programs
110-818-000	Administration
120-000-000	LEARNING RESOURCE
121-000-000	Library Center
122-000-000	Instructional Materials Center
123-000-000	Communications Center
128-000-000	Administration
130-000-000	STUDENT SERVICES
131-000-000	Admissions and Records
132-000-000	Counseling and Testing
133-000-000	Health Services
134-000-000	Financial Aids
135-000-000	Placement
138-000-000	Administration
140-000-000	PUBLIC SERVICE
141-000-000	Community Service
142-000-000	Continuing Education
148-000-000	Administration

CODIFICATION SYSTEM ILLUSTRATED (Cont.)

150-000-000	DATA PROCESSING
158-000-000	Administration
180-000-000	GENERAL ADMINISTRATION
181-000-000	Executive Office
182-000-000	Business Office
183-000-000	Community Relations Office
184-000-000	Personnel Office
188-000-000	Campus Administration
190-000-000	GENERAL INSTITUTIONAL
191-000-000	Board of Trustees
192-000-000	Institutional Expense
193-000-000	Campus Services
194-000-000	Institutional Research
197-000-000	Non-operating

B. Building Fund (2):

270-000-000	OPERATION AND MAINTENANCE OF PLANT
271-000-000	Maintenance
272-000-000	Custodial
273-000-000	Roads and Grounds
274-000-000	Security
275-000-000	Transportation
276-000-000	Plant Utilities
278-000-000	Administration

CODIFICATION SYSTEM ILLUSTRATED (Cont.)

290-000-000 GENERAL INSTITUTIONAL

292-000-000 Institutional Expense

297-000-000 Non-operating Expense

C. Site and Construction Fund (3):

390-000-000 GENERAL INSTITUTIONAL

392-000-000 Institutional Expense

392-100-000 Phase I

392-200-000 Phase II

392-300-000 Phase III

392-400-000 Phase IV

392-500-000 Phase V

392-600-000 Phase VI

397-000-000 Non-operating Expense

D. Bond and Interest Fund (4):

490-000-000 GENERAL INSTITUTIONAL

492-000-000 Institutional Expense

497-000-000 Non-operating Expense

E. Auxiliary Enterprises Fund (5):

560-000-000 AUXILIARY SERVICES

561-000-000 Food Services

562-000-000 Bookstore

563-000-000 Cultural Series

564-000-000 Athletics

566-000-000 College Center Operations

569-000-000 Other operations

CODIFICATION SYSTEM ILLUSTRATED (Cont.)

F. Restricted Purposes Fund (6):

630-000-000	STUDENT SERVICES
634-000-000	Financial Aids
634-100-000	Scholarships
634-200-000	Loans
634-300-000	Grants
636-000-000	Student Employment--Work Study
639-000-000	Other Services
660-000-000	AUXILIARY SERVICES
663-000-000	Cultural Series
665-000-000	Student Organizations
669-000-000	Other Activities
680-000-000	GENERAL ADMINISTRATION
689-000-000	Clearing Account

G. Working Cash Fund (7):

790-000-000	GENERAL INSTITUTIONAL
797-000-000	Non-operating Expense

H. Investment in Plant Fund (8):

890-000-000	GENERAL INSTITUTIONAL
897-000-000	Non-operating Expense

I. Long Term Liability Fund (9):

990-000-000	GENERAL INSTITUTIONAL
997-000-000	Non-operating Expense

CODIFICATION SYSTEM ILLUSTRATED (Cont.)

In order to complete this Chart of Accounts, Object accounts at the fifth level would be selected as needed. The following Section VII, Object Account Codes, details object accounts.

VII. OBJECT ACCOUNT CODES

The object accounts provide for major classifications of accounting transactions.

The first digit of the object code is the major accounting category and must be used by all colleges.

The second digit further defines the object and must be used by all colleges.

The third digit (sub-object) adds detail to the second code and may be used as needed by all colleges.

The following chart sets forth a summary of the object code system:

Code	Classification
Level 5:	Object Accounts:
000-000-100	1. ASSETS
000-000-110	1. Cash
000-000-120	2. Investments
000-000-130	3. Receivables
000-000-140	4. Accrued Revenue
000-000-150	5. Inter-fund Receivables
000-000-160	6. Inventory
000-000-170	7. Deferred Expenses
000-000-180	8. Fixed Assets
000-000-190	9. Other Assets

OBJECT ACCOUNT CODES (Cont.)

Code	Classification
Level 5:	Object Accounts:
000-000-200	2. LIABILITIES
000-000-210	1. Payroll Deductions Payable
000-000-220	2. Current Obligations Payable
000-000-230	3. Accounts Payable
000-000-240	4. Accrued Expense
000-000-250	5. Inter-fund Payables
000-000-260	6. Reserve for Encumbrances
000-000-270	7. Deferred Revenue
000-000-280	8. Fixed Liabilities
000-000-290	9. Other Liabilities
000-000-300	3. FUND EQUITY
000-000-400	4. REVENUE
000-000-410	1. Local Governmental Sources
000-000-420	2. State Governmental Sources
000-000-430	3. Federal Governmental Sources
000-000-440	4. Student Tuition and Fees
000-000-450	5. Sales and Service Fees
000-000-460	6. Facilities Revenue
000-000-470	7. Interest on Investments
000-000-480	8. Non-governmental Gifts, Grants and Bequests
000-000-490	9. Other Revenues

OBJECT ACCOUNT CODES (Cont.)

Code	Classification
Level 5:	Object Accounts:
000-000-500	5. EXPENDITURES
000-000-510	1. Salaries
000-000-520	2. Employee Benefits
000-000-530	3. Contractual Services
000-000-540	4. General Materials and Supplies
000-000-550	5. Conference and Meeting Expense
000-000-560	6. Fixed Charges
000-000-570	7. Utilities
000-000-580	8. Capital Outlay
000-000-590	9. Other Expenditures
000-000-600	6. PROVISION FOR CONTINGENCY

VIII. DETAILED OBJECT ACCOUNT CODES

In the sections that follow, each major object account is illustrated in detail. It is anticipated that colleges will select only the accounts they desire beyond the second digit. Two additional code digits designated by a decimal have been used to illustrate possible expensions that may be desired by the colleges if they wish additional detailed subsidiary accounts. It should be noted that the two digits are not a formal part of the coding system and are shown here in order to illustrate possible internal expansion a college may wish to utilize.

A. ASSETS:

000-000-100 Asset Accounts

000-000-110 Cash

000-000-111 Cash in Bank

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-112	Imprest Fund
000-000-113	Petty Cash
000-000-113.01	President
000-000-113.02	Business Office
000-000-113.03	Library
000-000-113.04	Instruction
000-000-113.05	Student Affairs
000-000-113.06	Bookstore
000-000-113.07	Cafeteria
000-000-113.08	Student Affairs
000-000-113.09	Other Petty Cash
000-000-114	Change Funds
000-000-114.02	Business Office
000-000-114.06	Bookstore
000-000-114.07	Cafeteria
000-000-114.09	Registration
000-000-114.10	Tuition Refund Account
000-000-115	N.S.F. Checks
000-000-119	Other Cash
000-000-120	Investments
000-000-121	U.S. Treasury Bills
000-000-122	Time Deposits
000-000-129	Other Investments
000-000-130	Receivables
000-000-131	Taxes Receivable--Current

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-132	Taxes Receivable--Back
000-000-132.01	Taxes Receivable--(Year)
000-000-132.02	Taxes Receivable--(Year)
000-000-132.03	Taxes Receivable--(Year)
000-000-132.04	Taxes Receivable--(Year)
000-000-133	Taxes Receivable--Future
000-000-134	Allowance for Uncollectible Taxes
000-000-135	Allowance for Uncollectible Tuition
000-000-136	Governmental Claims Receivable
000-000-136.01	Govt. Claims Rec.--Vocational Equip.
000-000-136.02	Govt. Claims Rec.--Vocational Other
000-000-137	Student Tuition Receivable
000-000-138	Charge-backs Receivable
000-000-139	Other Receivables
000-000-139.01	Accounts Receivable--Travel Advances
000-000-139.02	Accounts Receivable--Other Travel
000-000-139.03	Book Purchase Funds
000-000-139.09	Accounts Receivable--Miscellaneous
000-000-140	Accrued Revenue
000-000-141	Accrued Interest
000-000-142	Accrued Tuition
000-000-143	Accrued State Apportionment
000-000-149	Other Accrued Revenue
000-000-150	Inter-fund Receivables
000-000-151	Receivable from Education Fund

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-152	Receivable from Building Fund
000-000-153	Receivable from Site and Construction Fund
000-000-154	Receivable from Bond and Interest Fund
000-000-155	Receivable from Auxiliary Enterprises Fund
000-000-156	Receivable from Restricted Purposes Fund
000-000-157	Receivable from Working Cash Fund
000-000-159	Receivable from Other Funds
000-000-160	Inventory
000-000-161	Stationery Stores
000-000-162	Bookstore
000-000-163	Cafeteria
000-000-164	Gasoline
000-000-169	Other Inventories
000-000-170	Deferred Expenses
000-000-171	Prepaid Insurance
000-000-172	Deposits
000-000-179	Other Deferred Expense
000-000-180	Fixed Assets
000-000-181	Sites
000-000-182	Site Improvements
000-000-183	Buildings and Additions
000-000-184	Building Improvements
000-000-185	Equipment--Offices
000-000-186	Equipment--Instructional

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-187	Equipment--Service
000-000-189	Other Fixed Assets
000-000-190	Other Assets

B. LIABILITIES:

000-000-200	Liability Accounts
000-000-210	Payroll Deductions Payable
000-000-211	Employees' Retirement Contributions
000-000-212	Withholding Tax--Federal
000-000-213	Withholding Tax--State of Illinois
000-000-214	Annuities
000-000-215	Group Insurance
000-000-216	Credit Union
000-000-219	Other Payroll Deductions
000-000-220	Current Obligations Payable
000-000-221	Tax Anticipation Warrants Payable
000-000-222	Working Cash Fund Transfers Payable
000-000-223	Wage Warrants Payable
000-000-224	Bonds Currently Payable
000-000-229	Other Current Obligations
000-000-230	Accounts Payable
000-000-231	Accounts Payable--Suppliers
000-000-239	Other Accounts Payable
000-000-240	Accrued Expenses
000-000-241	Accrued Salaries

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-242	Accrued Tuition
000-000-243	Accrued Interest
000-000-244	Accrued Retailers' Occupation Tax
000-000-249	Other Accrued Expenses
000-000-250	Inter-fund Payables
000-000-251	Payable to Educational Fund
000-000-252	Payable to Building Fund
000-000-253	Payable to Site and Construction Fund
000-000-254	Payable to Bond and Interest Fund
000-000-255	Payable to Auxiliary Enterprises Fund
000-000-256	Payable to Restricted Purposes Fund
000-000-257	Payable to Working Cash Fund
000-000-259	Payable to Other Funds
000-000-260	Reserve for Encumbrances
000-000-270	Deferred Revenue
000-000-271	Summer School Tuition
000-000-272	Summer School Tuition--Refunds
000-000-279	Other Deferred Revenue
000-000-280	Fixed Liabilities
000-000-281	Bonds Payable
000-000-289	Other Fixed Liabilities
000-000-290	Other Liabilities
000-000-291	Student Tuition
000-000-299	Miscellaneous Liabilities

DETAILED OBJECT ACCOUNT CODES (Cont.)

C. FUND EQUITY:

000-000-300 Fund Equity Accounts

D. REVENUE:

000-000-400 Revenue Accounts

000-000-410 Local Governmental Sources

000-000-411 Current Taxes

000-000-412 Back Taxes

000-000-412.01 Taxes--(Year)

000-000-412.02 Taxes--(Year)

000-000-412.03 Taxes--(Year)

000-000-412.04 Taxes--(Year)

000-000-412.05 Taxes--(Year)

000-000-413 Payment in Lieu of Taxes

000-000-414 Charge-back Revenue

000-000-415 Sale of Bonds

000-000-419 Other Local Governmental Sources

000-000-420 State Governmental Sources

000-000-421 State Apportionment

000-000-421.01 Flat Grant

000-000-421.02 Equalization

000-000-421.03 Special Grants

000-000-422 Bd. of Vocational Ed. and Rehabilitation

000-000-422.01 Bd. of Voc. Ed. & Rehab.--Salaries

000-000-422.02 Bd. of Voc. Ed. & Rehab.--Equipment

000-000-422.03 Bd. of Voc. Ed. & Rehab.--Rental

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-428	Initial Grant
000-000-429	Other State Governmental Sources
000-000-430	Federal Governmental Sources
000-000-431	Title VI
000-000-432	Bd. of Vocational Ed. & Rehabilitation
000-000-432.01	Bd. of Voc. Ed. & Rehab.--Salaries
000-000-432.02	Bd. of Voc. Ed. & Rehab.--Equipment
000-000-432.03	Bd. of Voc. Ed. & Rehab.--Rental
000-000-433	H.E.W. Grant
000-000-434	Title II (Library Grant)
000-000-439	Other Federal Governmental Sources
000-000-440	Student Tuition and Fees
000-000-441	Tuition
000-000-441.01	Resident
000-000-441.02	Resident Refunds
000-000-441.03	Out-of-district
000-000-441.04	Out-of-district Refunds
000-000-441.05	Out-of-state
000-000-442	Student Fees
000-000-442.01	Graduation Fees
000-000-442.02	Schedule Change Fees
000-000-442.03	Late Registration Fees
000-000-442.04	Transcript Fees
000-000-442.05	Laboratory Fees
000-000-442.06	Application Fees

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-442.07	Textbook Rental Fees
000-000-442.08	Examination Fees
000-000-443	Student Activities
000-000-444	Scholarships
000-000-449	Other Student Tuition and Fees
000-000-450	Sales and Service Fees
000-000-451	Sales--Food
000-000-452	Sales--Bookstore
000-000-453	Student Organization Fees
000-000-454	Athletic Fees
000-000-459	Other Sales and Services
000-000-460	Facilities Revenue
000-000-461	Building Rentals
000-000-462	Data Processing Rentals
000-000-463	Equipment Rentals
000-000-469	Other Facilities Rentals
000-000-470	Interest on Investments
000-000-471	U.S. Treasury Bills
000-000-472	Time Deposits
000-000-473	Inter-fund Interest
000-000-479	Other Interest on Investments
000-000-480	Non-governmental Gifts, Grants and Bequests
000-000-481	Non-governmental Gifts or Grants
000-000-482	Bequests

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-483	Income from Funds held in Trust by Others
000-000-484	Estimated Value of Contributed Services
000-000-489	Other Non-governmental Gifts, Grants or Bequests
000-000-490	Other Revenues
000-000-491	Student Fines
000-000-491.01	Parking Fines
000-000-491.02	Library Fines and Fees
000-000-498	Transfers in from Other Funds
000-000-499	Miscellaneous Revenue

E. EXPENDITURES:

000-000-500	Expenditure Accounts
000-000-510	Salaries
000-000-511	Administrative Staff
000-000-512	Professional Staff
000-000-513	Instructional Staff--Full-time
000-000-514	Instructional Staff--Part-time
000-000-515	Instructional Substitutes
000-000-516	Office Staff
000-000-517	Service Staff
000-000-518	Student Employees
000-000-519	Other Salaries
000-000-520	Employee Benefits
000-000-521	Group Medical and Life Insurance
000-000-522	Travel-Accident Insurance

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-523	Workmen's Compensation Insurance
000-000-524	Medical Examination Fees
000-000-525	Sabbatical Leave
000-000-529	Other Employee Benfits
000-000-530	Contractual Services
000-000-531	Audit Services
000-000-532	Consultants
000-000-533	Architectural Services
000-000-534	Maintenance Services
000-000-535	Legal Services
000-000-536	Office Services
000-000-539	Other Contractual Services
000-000-540	General Materials and Supplies
000-000-541	Office Supplies
000-000-542	Printing
000-000-543	Supplies*
000-000-544	Materials*
000-000-545	Books and Bindings
000-000-546	Publications and Dues
000-000-547	Advertising
000-000-548	Purchases for Resale
000-000-549	Other General Materials & Supplies
000-000-550	Conference and Meeting Expense

*See Chapter IV for definition of this account.

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-551	Meeting Expense
000-000-552	Mileage--Local
000-000-553	Travel Expense
000-000-554	Recruitment
000-000-555	Vehicle Expense
000-000-559	Other Conference and Meeting Expense
000-000-560	Fixed Charges
000-000-561	Rental--Facilities
000-000-562	Rental--Equipment
000-000-563	Debt Principal Retirement
000-000-564	Interest
000-000-565	General Insurance
000-000-569	Other Fixed Charges
000-000-570	Utilities
000-000-571	Gas
000-000-572	Oil
000-000-573	Electricity
000-000-574	Water, Sewerage
000-000-575	Telephone
000-000-576	Refuse Disposal
000-000-579	Other Utilities
000-000-580	Capital Outlay*

*Replacement capital outlay may be accounted for at the next level of detail, if desired.

DETAILED OBJECT ACCOUNT CODES (Cont.)

000-000-581	Site Acquisition
000-000-582	Site Improvement
000-000-583	New Buildings and Additions
000-000-584	Building Improvements
000-000-585	Equipment--Office
000-000-586	Equipment--Instructional
000-000-587	Equipment--Service
000-000-589	Other Capital Outlay
000-000-590	Other
000-000-591	Student Employment--College Work Study
000-000-592	Student Grants, Scholarships, Loans
000-000-593	Tuition Charge-back
000-000-594	Financial Charges and Adjustments
000-000-595	Facilities Charge
000-000-596	Clearing Account
000-000-597	Athletics--Intercollegiate
000-000-599	Other

F. CONTINGENCY:

000-000-600	Provision for Contingencies

IX. UNIT COST IDENTIFIER (Optional)

The variable identifier (6-digit code) can be used as needed. Possible uses are course numbers and section numbers for cost accounting purposes. It may also be used as an inventory control code or to designate disciplinary areas set forth in the Unit Cost Study Manual of the Illinois Junior College Board and the Board of Higher Education.

CHAPTER V

THE BUDGET

The budget is a tool to be used in implementing the philosophy and the objectives of the college. Its development should involve maximum participation and, therefore, the aims and objectives of the institution should be reflected at each level.

I. BUDGET ELEMENTS

Planning and evaluation for expenditures should be carefully balanced to fit within the revenue available. Legal requirements serve as a directive which guides the financial leader. Financial integrity requires the balancing of the budget within the framework provided.

A. Planning and evaluation require that appropriations be classified by program and activity. The distribution of costs on this basis enables the citizen, board member, or administrator of the institution to relate cost to actual performance.

B. Financial responsibility requires that the budget be so classified on an organizational unit basis so that appropriations and expenditures may be controlled by and reported to the person directly responsible for the financial management of these appropriations.

C. Legal requirements require that appropriations and revenues be classified on the basis of object and fund.

Full consideration should be given to the interrelationships of budgeting with accounting, purchasing, property management, student accounting, personnel management, and curriculum development for immediate and long range planning.

II. BUDGET PROCEDURES AND CALENDAR

A definite calendar should be followed through all the steps of the budget preparation. This calendar should call for board adoption of the budget at the beginning of the fiscal year or shortly thereafter. A typical calendar with the outline of the budgetary process is as follows:

Date	Procedure
September and October	Evaluate annual audit and previous budget, and then issue instructions regarding budget preparation to organizational units.
November and December	Formal requests are received from the organizational units. These requests are to have been compiled in accordance with the established goals and objectives of the college and with the cooperation of their respective faculties.
January and February	The appropriate administrators should review and study the requests from the organizational units. Conferences between the various levels in the organizational unit are recommended.
February	The business office consolidates all requests and prepares a preliminary budget for the guidance of the president.
March	The president, chief business officer, and appropriate personnel begin their revisions in view of priorities.
April	The president submits the tentative budget to the board for study, evaluation, and recommendations.
May	A tentative budget is approved by the board: notice of the date, time, and place of the public hearing must be published in a newspaper of general circulation in the college district at least 30 days (10 days in Chicago) prior to the date of said hearing. Budget must be available for public inspection during this period.
May or June	Public hearing, final deliberation by the board, and the adoption of the budget.
July	Implement budget, set up appropriations, etc.
September	File Certificate of Tax Levy on or before last Tuesday in September.

III. OFFICIAL BUDGET FORM

The following section sets forth the official form to be used for the annual budget. Three copies of the form are to be filed with the Illinois Junior College Board within 15 days following official adoption of the budget by the local college board of trustees. Official forms should be obtained from the Illinois Junior College Board. It is anticipated that each college will desire further detail and will develop an expanded operational budget for internal purposes. The Illinois Junior College Board shall forward one copy to the Board of Higher Education.

STATE OF ILLINOIS

JUNIOR COLLEGE DISTRICT_____

_____

Date

ANNUAL BUDGET

_____

Street Address

_____

City

TABLE I

SUMMARY OF 19__-__ESTIMATED BUDGET BY FUND

OPERATIONAL FUNDS

	Educational Fund	Building Fund	Total Operating
1. Beginning Balance			
2. Estimated Revenues			
3. Estimated Expenditures			
4. Estimated Transfer to Site and Construction Fund*			
5. Estimated Ending Balance or (Deficit)			

SPECIAL FUNDS

	Site and Construction Fund	Bond and Interest Fund	Working Cash Fund
1. Beginning Balance			
2. Estimated Revenues			
3. Estimated Expenditures			
4. Estimated Ending Balance or (Deficit)			

*Annual transfer to the Site and Construction Fund from the Building Fund of funds accumulated for site purchase or building construction.

Official Budget was approved by the:

BOARD OF TRUSTEES on _____
Date

ATTEST: _____
Secretary, Board of Trustees

TABLE II

SUMMARY OF 19__-__ESTIMATED REVENUES BY SOURCE

REVENUE BY SOURCE	Educational Fund	Building Fund	Total Operating	%
Local Governmental Sources				
Current Taxes				
Back Taxes				
Payment in Lieu of Taxes				
Charge-Back Revenue				
Other				
Total Local Government				
State Governmental Sources				
State Apportionment:				
Flat Grant				
Equalization				
Special Grant				
Vocational Ed.Allocation*				
Other				
Total State Government				
Federal Governmental Sources				
Title VI				
Vocational Ed.Allocation*				
H.E.W. Grant				
Title II Library Grant				
_____				
_____				
Other				
Total Federal Government				
Student Tuition and Fees				
Tuition				
Fees				
Other				
Total Tuition and Fees				
Other Sources				
Sales and Service Fees				
Facilities Revenue				
Interest on Investments				
Non-governmental Gifts, Grants and Bequests				
Other Revenue				
Total Other Sources				
TOTAL CURRENT REVENUE				

*Based upon a percentage estimate.

TABLE III

SUMMARY OF 19__-__OPERATING BUDGETED EXPENDITURES

	Educational Fund	Building Fund	Total Operating	%
BY FUNCTION				
Instruction				
Learning Resource Center				
Student Services				
Public Service				
Data Processing				
Auxiliary Services				
Operation and Maintenance of Plant				
General Administration				
General Institutional				
TOTAL 19__-__BUDGETED EXPENDITURES				
BY OBJECT				
Salaries				
Employee Benefits				
Contractual Services				
General Materials & Supplies				
Conference & Meeting Expense				
Fixed Charges				
Utilities				
Capital Outlay				
Other				
Provision for Contingency				
TOTAL 19__-__BUDGETED EXPENDITURES				

TABLE IV

ESTIMATED CURRENT TAX RECEIPTS 19__-__

ACCRUAL BASIS	Educational Fund	Building Fund	Bond & Interest Fund	Total
1. Current Tax Levy				
2. Legal Maximum Rate				
3. Estimated Rate				
4. Estimated Accumulation Rate				
5. Gross Levy				
6. Collection Loss (_____%) and Cost				
7. Net Levy				

ASSESSED VALUATION_____ YEAR_____

TABLE V

ESTIMATED CURRENT TAX RECEIPTS 19__-__

CASH BASIS	Educational Fund	Building Fund	Bond & Interest Fund	Total
A. Back Taxes				
1. Taxes from levies prior to 197_ levy				
2. Balance of 197_ levy received after 6/30/__				
3. Total Back Taxes				
B. Current 197_ Levy				
1. Legal Maximum Rate				
2. Estimated Rate				
3. Estimated Accumulation Rate				
4. Gross Levy				
5. Collection Loss (_____%) and Cost				
6. Net Levy (Sum of 5a & 5b)				
5a. Amt. due prior to 7/1/__				
5b. Amt. due after 7/1/__				
TAXES AVAILABLE THIS BUDGET FOR THIS FISCAL PERIOD (Total, lines A3 & B5a)				

ASSESSED VALUATION _____

19__-__ ESTIMATED REVENUES

EDUCATIONAL FUND REVENUE BY SOURCE	Revenue	Totals
Local Governmental Sources		
Current Taxes		
Back Taxes		
Payment in Lieu of Taxes		
Charge-back Revenue		
Other		
State Governmental Sources		
State Apportionment:		
Flat Grant		
Equalization		
Special Grant		
Vocational Ed. Allocation*		
Other		
Federal Governmental Sources		
Title VI		
Vocational Ed. Allocation*		
H.E.W. Grant		
Title II Library Grant		
_____		
_____		
Other		
Student Tuition and Fees		
Tuition		
Fees		
Other		
Other Sources		
Sales and Service Fees		
Facilities Revenue		
Interest on Investments		
Non-governmental Gifts, Grants and Bequests		
Other Revenue		
TOTAL EDUCATIONAL FUND REVENUES		

*Based on a percentage estimate.

19__-__ ESTIMATED EXPENDITURES

EDUCATIONAL FUND	Appropriations	Totals
INSTRUCTION		
Salaries		
Employee Benefits		
Contractual Services		
General Materials and Supplies		
Conference and Meeting Expenses		
Fixed Charges		
Utilities		
Capital Outlay		
Other		
Provision for Contingency		
LEARNING RESOURCE CENTER		
Salaries		
Employee Benefits		
Contractual Services		
General Materials and Supplies		
Conference and Meeting Expense		
Fixed Charges		
Utilities		
Capital Outlay		
Other		
Provision for Contingency		
STUDENT SERVICES		
Salaries		
Employee Benefits		
Contractual Services		
General Materials and Supplies		
Conference and Meeting Expense		
Fixed Charges		
Utilities		
Capital Outlay		
Other		
Provision for Contingency		
PUBLIC SERVICE		
Salaries		
Employee Benefits		
Contractual Services		
General Materials and Supplies		
Conference and Meeting Expense		
Fixed Charges		
Utilities		
Capital Outlay		
Other		
Provision for Contingency		

EDUCATIONAL FUND	Appropriation	Totals
DATA PROCESSING		
Salaries		
Employee Benefits		
Contractual Services		
General Materials and Supplies		
Conference and Meeting Expense		
Fixed Charges		
Utilities		
Capital Outlay		
Other		
Provision for Contingency		
AUXILIARY SERVICES		
Salaries		
Employee Benefits		
Contractual Services		
General Materials and Supplies		
Conference and Meeting Expense		
Fixed Charges		
Utilities		
Capital Outlay		
Other		
Provision for Contingency		
OPERATION AND MAINTENANCE OF PLANT		
Salaries		
Employee Benefits		
Contractual Services		
General Materials and Supplies		
Conference and Meeting Expense		
Fixed Charges		
Utilities		
Capital Outlay		
Other		
Provision for Contingency		
GENERAL ADMINISTRATION		
Salaries		
Employee Benefits		
Contractual Services		
General Materials and Supplies		
Conference and Meeting Expense		
Fixed Charges		
Utilities		
Capital Outlay		
Other		
Provision for Contingency		

EDUCATIONAL FUND	Appropriation	Totals
GENERAL INSTITUTIONAL		
Salaries		
Employee Benefits		
Contractual Services		
General Materials and Supplies		
Conference and Meeting Expense		
Fixed Charges		
Utilities		
Capital Outlay		
Other		
Provision for Contingency		

19__-__ ESTIMATED REVENUES

BUILDING FUND REVENUE BY SOURCE	Revenue	Totals
Local Governmental Sources		_____
Current Taxes	_____	
Back Taxes	_____	
Payment in Lieu of Taxes	_____	
Charge-back Revenue	_____	
Other	_____	
State Governmental Sources		_____
State Apportionment:		
Flat Grant	_____	
Equalization	_____	
Special Grant	_____	
Vocational Ed. Allocation*	_____	
Other	_____	
Federal Governmental		_____
Title VI	_____	
Vocational Ed. Allocation*	_____	
H.E.W. Grant	_____	
Title II Library Grant	_____	
_____	_____	
_____	_____	
Other	_____	
Student Tuition and Fees		_____
Tuition	_____	
Fees	_____	
Other	_____	
Other Sources		_____
Sales and Service Fees	_____	
Facilities Revenue	_____	
Interest on Investments	_____	
Non-governmental Gifts, Grants and Bequests	_____	
Other Revenue	_____	
TOTAL BUILDING FUND REVENUES		_____

*Based on a percentage estimate.

19__-__ ESTIMATED EXPENDITURES

BUILDING FUND	Appropriations	Totals
OPERATION AND MAINTENANCE OF PLANT		_____
Salaries	_____	
Employee Benefits	_____	
Contractual Services	_____	
General Materials and Supplies	_____	
Conference and Meeting Expense	_____	
Fixed Charges	_____	
Utilities	_____	
Capital Outlay	_____	
Other	_____	
Provision for Contingency	_____	
GENERAL ADMINISTRATION		_____
Salaries	_____	
Employee Benefits	_____	
Contractual Services	_____	
General Materials and Supplies	_____	
Conference and Meeting Expense	_____	
Fixed Charges	_____	
Utilities	_____	
Capital Outlay	_____	
Other	_____	
Provision for Contingency	_____	
GENERAL INSTITUTIONAL		_____
Salaries	_____	
Employee Benefits	_____	
Contractual Services	_____	
General Materials and Supplies	_____	
Conference and Meeting Expense	_____	
Fixed Charges	_____	
Utilities	_____	
Capital Outlay	_____	
Other	_____	
Provision for Contingency	_____	

19__-__ ESTIMATED REVENUES

SITE AND CONSTRUCTION FUND REVENUE BY SOURCE	Revenue	Totals
Local Governmental Sources		
Sale of Bonds		
Other		
State Governmental Sources		
Other		
Federal Governmental Sources		
Title VI		
H.E.W. Grant		
Other		
Other Sources		
Sales and Service Fees		
Facilities Revenue		
Interest on Investments		
Non-governmental Gifts, Grants and Bequests		
Other Revenue		
Transfer from Building Fund		
TOTAL SITE AND CONSTRUCTION FUND REVENUE		

19__-__ ESTIMATED EXPENDITURES

SITE AND CONSTRUCTION FUND	Appropriations	Totals
GENERAL INSTITUTIONAL		
Salaries		
Employee Benefits		
Contractual Services		
General Materials and Supplies		
Conference and Meeting Expense		
Fixed Charges		
Utilities		
Capital Outlay		
Other		
Provision for Contingency		

19__ - __ ESTIMATED REVENUES

BOND AND INTEREST FUND REVENUE BY SOURCE	Revenue	Totals
Local Governmental Sources		
Current Taxes		
Back Taxes		
Payment in Lieu of Taxes		
Charge-back Revenue		
Other		
Other Sources		
Interest on Investments		
Other Revenue		
TOTAL BOND AND INTEREST FUND REVENUE		

19__-__ ESTIMATED EXPENDITURES

BOND AND INTEREST FUND	Appropriations	Totals
GENERAL INSTITUTIONAL		
Fixed Charges		
Other		
Provision for Contingency		

19__-__ ESTIMATED EXPENDITURES

WORKING CASH FUND REVENUE BY SOURCE	Revenue	Totals
Local Governmental Sources		
Sale of Bonds		
Other		
Other Sources		
Interest on Investments		
Other Revenue		
TOTAL WORKING CASH FUND REVENUE		

CHAPTER VI

INTERNAL CONTROL

The function of an accounting system is to provide a means by which transactions affecting the financial status of an organization may be effectively reported and communicated. The purpose of such a system is to provide a meaningful analysis of the financial condition of the organization as well as to provide management, the public, and other interested agencies the information necessary to evaluate both the performance of the organization and those who administer it.

The total meaningful program of internal control and auditing must provide for the collection, classification, sorting and calculation of new data to provide financial reports that will effectively communicate the financial condition of the organization. The reliability and accuracy of financial reports are dependent upon the extent to which control procedures are incorporated in the accounting system.

I. ORGANIZATION STRUCTURE

The needs and characteristics of the individual institution determine the organization structure. It is not the purpose of this manual to prescribe the manner in which the financial organization of the junior college should be structured.

By structuring the financial organization as required, the following results are achieved: no one individual has complete responsibility and control over any single transaction; and, each step or phase of completing a transaction is subject to review by another individual at some later phase of completion. The organization provides the means by which the possibility of fraud is minimized and the probability of error is reduced.

Internal auditing is a staff function that serves management by reviewing the accounting, financial, and other operations of the institution. The internal audit function should be under the direction of the chief business officer. His activities should be directed toward the following general objectives: determining that the system of internal control is adequate and that it is functioning; ensuring that institutional policies and procedures are being followed; verifying the existence of assets shown on the books of account and ensuring the maintenance of proper safeguards for their protection; preventing or discovering dishonest; and determining the reliability and adequacy of the accounting and reporting system and procedures. The internal auditor should report the

results of his examinations to the chief business officer and should recommend corrective action where necessary.

To aid the internal auditor in accomplishing these objectives, the chief business officer should establish policies with regard to the objectives and scope of the audit program, develop awareness within the institution of the function of internal auditing, and take action on the findings and recommendations presented to him by the internal auditor.

The most important function of the internal audit is to review and recommend imporvements to the accounting system and internal controls. While this service is often performed by the external auditor, it is the opinion of the statewide accounting committee that the function of systems and controls review is best performed by an internal audit function. This opinion is based on the premise that the internal auditor will be intimately aware of the goals, philosophy, and operating routine of the institution while the external auditor will have only a superficial knowledge of these factors.

II. INTERNAL CONTROL

The Committee on Auditing Procedure, American Institute of Certified Public Accountants defines internal control as follows:

> "Internal control comprises the plan of organization and all of the coordinate methods and measures adapted within a business to safeguard its assets and check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial processes."

Internal control provides a structure of duties and responsibilities within the organization and a system of checks and balances which permits the transactions underlying the records and statement to be easily reconstructed and verified.

The above objectives are accomplished by designing a system of internal control with the following characteristics:

1. There should be a plan of organization which properly segregates functional responsibilities. Although the appropriate plan of organization will vary with the enterprise, generally a satisfactory plan should be simple and flexible and should lend itself to the establishment of clear lines of authority and respon-

sibility. Organizational independence requires separation of duties in such a way that records existing outside each department serve as controls over the activities within the department. Responsibilities and the attendant delegation of authority should be clearly defined and set forth in organizational charts or manuals.

2. There should be a system of authorization and record procedures adequate to provide reasonable accounting control over assets, liabilities, revenues and expenses. A satisfactory system must include media to control source data and its flow and media for classification of data within a formal chart of accounts.

   Control of source data is implemented through the design of appropriate records and forms and through the logical flow of the record keeping and approval procedures. The chart of accounts, the control forms, and the system of record keeping and approval procedures should be incorporated into a procedure manual.

3. Sound practices should be followed in performance of duties and functions of each of the organizational departments. These practices will largely determine the effectiveness of the internal control and the resultant efficiency in operations.

4. The quality of personnel should be commensurate with responsibilities. A proper functioning system of internal control depends not only on effective organization planning and the adequacy of the procedure and practices, but also on the competence of officers, department heads and other key employees to carry out prescribed procedures in an efficient and economical manner.

It should be pointed out that the responsibility for devising, installing and supervising an adequate system of internal control is vested in the administration. Any system, regardless of its fundamental soundness, may deteriorate if not reviewed periodically. The system of internal control must be under continuing supervision to determine whether:

1. Prescribed policies are being interpreted properly and are being carried out.

2. Changes in operating conditions have made the procedures cumbersome, obsolete or inadequate.

3. Effective corrective measures are taken promptly where breakdowns in the system appear.

For those needing guidelines in establishing a system of internal check and control, the publication "Internal Control," published by the American Institute of Certified Public Accountants, should be of benefit.

Several methods of obtaining many of the benefits implicit in a staff audit position are available to those junior colleges which cannot justify the services of a full-time internal auditor. The relative value of any of these methods will be determined by such characteristics of the junior college as the number of professional staff involved in the financial organization, their competencies, the types of internal control procedures employed, the type of accounting equipment used, and the number of clerical employees and their competencies.

III. Appointment of a Part-time Auditor

This approach has the advantage of a continuous audit program. In addition, the objectivity essential to the conduct of an audit is present. This approach should be followed only when the college is able to hire an employee with extensive training in accounting theory and practice.

IV. Interim Audit Reports

The public accounting firm engaged to conduct the annual audit may be asked to expand the scope of their audit and to perform audits of specified activities during the course of the year. Normally, a letter-report is issued which details the activities reviewed and the exceptions noted. Such an approach will provide a relatively constant review of control procedures.

CHAPTER VII

EXTERNAL INDEPENDENT AUDIT

Junior college districts are responsible to the citizens of their districts and to state and federal governmental organizations for the proper accounting of funds and other assets in their custody. This responsibility cannot be fully discharged except through the medium of an independent audit conducted by a licensed public accountant external to the administrative organization of the college. College officials who receive or disburse public monies, have custody of other assets, or keep accounts of such transactions, have properly fulfilled their responsibility. Such audits are required by the Junior College Act.

I. STATUTORY REQUIREMENTS (SCOPE)

Section 3-22.1 of Public Junior College Act states: "To cause an audit to be made as of the end of each fiscal year by an accountant licensed to practice public accounting in Illinois and appointed by the board. The auditor shall perform his examination in accordance with generally accepted auditing standards and regulations prescribed by the State Board, and submit his report thereon in accordance with generally accepted accounting principles. The examination and report shall include a verification of student enrollments and any other bases upon which claims are filed with the State Board. The audit report shall include a statement of the scope and findings of the audit and a professional opinion signed by the auditor. If a professional opinion is denied by the auditor, he shall set forth the reasons for that denial. The board shall not limit the scope of the examination to the extent that the effect of such limitation will result in the qualification of the auditor's professional opinion. Copies of audit report shall be filed with the State Board in accordance with regulations prescribed by the State Board. The State Board shall file one copy of the audit report with the Auditor General and one copy with the Board of Higher Education.

The Illinois Junior College Board requires that four copies of the annual audit be submitted to it on or before December 1 following the close of the fiscal year. If the audit cannot be completed by this date, the college must submit a request for extension of time to the Executive Secretary of the Illinois Junior College Board before November 15 following the end of the fiscal year. This request must be

accompanied by an adequate explanation of the circumstances which cause the report to be delayed. If these requirements are not met, funding will be suspended by the Illinois Junior College Board and will be re-established only when the requirements are met and the Board takes action to that effect. The Illinois Junior College Board reserves the right to make examinations, investigations, hold hearings, etc., before it resumes funding.

To comply with the above requirements, the audit must be of sufficient scope so that the auditor can be in a position to render an unqualified opinion on the financial statements of all the funds for which the college and its related organizations are accountable. The financial statements should set forth the financial position and the revenue and expenditures of the various funds (cash receipts and disbursements for the Trust and Agency Funds), the general fixed assets, and the bonded debt and interest, all in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

II. NATURE OF AN INDEPENDENT AUDIT

The local junior college board, through its administrative officials, has the responsibility to maintain adequate financial records and to prepare reports which present the true financial position and results of the financial transactions of the college as of a particular date and for a specific period of time. The board also has the responsibility of engaging an accountant or firm of accountants (lawfully qualified to practice public accounting in the State of Illinois) to conduct an annual audit of such financial records and statements. The independent licensed public accountant, after having conducted his examination, should submit an audit report to the board which includes his professional opinion as to whether or not the financial statements of the college present fairly the financial position and stating that the results of financial transactions of the college are in conformity with generally accepted accounting principles applied on a consistent basis.

The licensed public accountant's examination or "audit," as it is commonly called, should consist of a searching analytical review of the various books, records, vouchers, and other evidence supporting the information set forth in the financial statements. He may conduct his examination in several phases both before and after the end of the fiscal year employing a variety of techniques and tests, selecting the procedures which, in his judgment and experience, are best suited to each examination. This examination contemplates the preparation of written reports in which the auditor shall state his findings.

A licensed public accountant, who is a member of the Illinois Society of Licensed Public Accountants or the American Institute of CPA's, is governed by certain standards when preparing his audit report on financial statements. These "generally accepted standards" are set forth in a publication of the American Institute. Excerpts from these standards are as follows:

III. GENERAL STANDARDS

1. The examination is to be performed by a person or persons having adequate technical training and proficiency...

2. ...an independence in mental attitude is to be maintained...

3. Due professional care is to be exercised...

IV. STANDARDS OF FIELD WORK

1. The work is to be adequately planned and...properly supervised.

2. There is to be a proper study and evaluation of the existing internal control...

3. Sufficient competent evidential matter is to be obtained...to afford a reasonable basis for an opinion...

V. STANDARDS OF REPORTING

1. The report shall state whether the financial statements are presented in accordance with generally accepted principles of accounting.

2. The report shall state whether such principles have been consistently observed in the current period in relation to the preceding period.

3. Informative disclosure in the financial statements are to be regarded as reasonable adequate unless otherwise restated in the report.

4. The report shall either contain an expression of opinion regarding the financial statements, taken as a whole, or an assertion to the effect that an opinion cannot be expressed. When an overall opinion cannot be expressed, the reasons therefor

should be stated. In all cases where the auditor's name is associated with the financial statements, the report should contain a clear cut indication of the character of the auditor's examination, if any, and the degree of responsibility he is taking.

All accounting statements, with all supplemental descriptive and explanatory data, including footnotes, are regarded as representations of the college. It is upon all these representations that the licensed public accountant exercises his considered judgment and renders his opinion. If explanations are essential or desirable, and they are not incorporated in the statements in a manner he considers satisfactory, he may express a qualified opinion in which he makes appropriate explanations.

In addition to his opinion on the accounting practices, during the several phases of his examination the auditor has many opportunities to observe the procedures followed by the employees of the college. He should make suggestions as to ways in which procedures can be improved, either in terms of control or in terms of efficiency. A number of these suggestions are customarily set forth in a "management letter" which is discussed in a subsequent section.

VI. SELECTION OF AN AUDITOR

A licensed public accountant is a professional person whose primary objective is the rendering of service to his clients. The selection of an independent licensed public accountant should be based on an evaluation of the integrity, independence and professional competence of the accounting firm or individual to be selected. While the primary purpose of hiring an independent licensed public accountant is to obtain his opinion as to the fairness of the college's financial statements and compliance with generally accepted accounting principles, accounting provisions of the Illinois Junior College Act and the regulations of State Junior College Board, there are a number of significant corollary benefits. The accountant is expected to bring to each client a broad range of experience and ability, and he should be generally familiar with the full scope of his client's business affairs and should be called upon for advice and assistance on any financial and accounting matters throughout the year.

Professional competence is a difficult characteristic to evaluate. Knowledge of college operating problems, awareness of the requisites of fund accounting, statutory requirements, and understanding of the specific needs and requirements of the college are important in securing an

auditor.

The selection of professional services should be based on the criteria mentioned above. Selection based on obtaining the lowest possible fee is a poor criterion and should be discouraged. Fixed price bids for such services probably are not comparable because of the practical inability to establish meaningful specifications of performance. The effectiveness of professional services depends solely upon integrity and ability.

Fees of professional accountants are generally based on the number of hours expended for the client and the applicable billing rates for the individuals performing the work. It is proper for the college to request of the public accountant an estimate of his fee and an explanation of the basis for making that estimate.

In selecting an auditor, the college should make clear the services desired, including any special work, and there should be a mutual understanding of all significant requirements. It is reasonable for the college to specify attainable deadlines for the delivery of audit reports and management letters.

VII. FORMAT

The specific format of each audit report will necessarily vary with the attendant circumstances. Some junior colleges will wish to restrict the content to the required financial statements and notes and to the auditor's opinion; others may wish to provide voluminous detailed information, including charts, photographs and other explanatory material--much as some commercial enterprieses do in their annual reports to stockholders.

All audit reports on Illinois junior colleges must contain the following:

Financial statements for all funds for which the local college board is accountable, prepared in accordance with generally accepted accounting principles and such accounting regulations as established by the Illinois Junior College Board, including the conversion statements in the format specified in the Appendix.

Schedule of student enrollment data (including full-time equivalent) for the year, and a statement of verification of enrollment.

Junior College Audit Questionnaire.

Opinion of licensed public accountants.

The financial statements required will depend on the extent of the college's financial activities, but should include such other supplemental statements as deemed necessary by the local junior college board.

An important facet of the financial statements is a comparison of budgeted revenues and expenditures with the actual results. Such comparison can be made either in the basic statements or in a supplementary set of schedules.

Each year, the staff of the Junior College Board is required to prepare common financial data from all the college districts in the Junior College System. To facilitate the preparation of these reports, the Board is requiring that each audit report contain a series of 5 statements in the format specified in Appendix D. The statements are to be on the accrual basis of accounting. For those college districts who are already on the accrual basis, the preparation of these statements will amount to a summarization of information, by the auditors, which should be readily available from the records of the college. For those colleges on the cash basis, it will be necessary for the auditors to convert the income and expenses of the district to the accrual basis before preparing the 5 required statements.

The notes to the financial statements should contain adequate information for full disclosure of major accounting principles and results of operations. The notes should indicate the basis of accounting used by the junior college and whether this basis is in conformity with the modified accrual basis as defined in Chapter I of this manual. A report should be included that sets forth Illinois Building Authority rental payments and retirement benefits paid by the State of Illinois for the local college's benefit.

An important reporting requisite peculiar to Illinois junior colleges is that of a statement of student enrollment, together with equivalent full-time student data. The data contained therein must agree with those supporting the college's claim for state aid reimbursement. A junior college district must maintain records that make it possible for the external auditor to verify the basis for state apportionment claims with regard to enrollment and attendance as required in Sections 102-16 and 103-22.1 of the Public Junior College Act of 1965 as amended. The statement of verification of enrollment may be satisfied by using either one of the following methods:

1. Reference to the verification in both the scope and opinion paragraphs of the auditor's report.

2. A separate statement in which the auditor states his opinion as to the accuracy and completeness (ie: fair presentation) of the basis used to claim state aid.

Sample formats for these statements are in Appendix D--External Audits.

In terms of acceptable auditing guidelines, verification of enrollment may be satisfied by auditing class lists of students officially enrolled in a class at mid-term, as verified by each faculty member's signature. These lists must support the mid-term full time equivalent official enrollment figures used to claim state apportionment. A college cannot claim a student who has officially withdrawn prior to the mid-term or a student who is enrolled in a course that is not approved to receive state aid reimbursement. A suggested audit program for the audit of enrollment is included in Appendix D. This program is not intended to be all inclusive, but rather to indicate general minimum standards of the Board.

The auditor's opinion on the college's accounting practices should conform with the Standards of Reporting described earlier and should, whenever practicable, be an unqualified one. Any qualifications in such reports should be clearly explained so that the reader can understand them. Qualifications necessitated by limitations in the scope of the examination are to be avoided whenever practicable. The language of the report and the presentation of the financial statements, notes and other data must be clear as to which of these statements are covered by the auditor's opinion.

In addition to required information described above, the college may wish to present such supplementary information as expenditure summaries for several years, additional analyses of expenditures of the current year, explanations of educational programs and financial policies, etc. Supplementary information need not be examined by the auditor and covered by his opinion, although this may be desirable.

VIII. MANAGEMENT LETTERS

The independent auditor is in an excellent position as a result of completing the audit of the junior college to offer suggestions in a number of matters. These suggestions, while meaningful to the college, are not necessary or useful to other readers of the auditor's report and financial statements. The suggestions then, should be in the form of a separate letter addressed to the college, and should not be bound into the audit report.

Generally, the material covered in a management letter will

consist of the following categories of information:

1. Weaknesses in internal financial controls and recommended means of achieving improvements.

2. Findings of significant variations from prescribed procedures and practices.

3. Recommendations for improving the quality or content of management information systems, resultant reports, etc.

4. Observations as to areas of business practice where operational efficiencies and/or cost savings can be achieved.

5. Other findings or recommendations, perhaps resulting from special requests made by the college administration or board.

The independent accountant must take pains to be certain of his facts before he issues his management letter to his client. He also has the obligation to evaluate the practicality of his own recommendations. In considering practicality, the accountant must weigh such factors as compliance with existing statutes, conformity with regulations of the Illinois Junior College Board, the importance of his recommendations in relation to the cost of implementation compared with the potential benefits.

The accountant should review the draft of his management letter with the college's business manager or other designated official prior to formal issuance. Such preliminary review gives all parties involved the opportunity to corroborate the facts and bring to bear all factors necessary for a reasonable evaluation of each recommendation.

The management letter represents the considered judgment of the auditor based upon his particular expertise. It is imperative for the administration to give careful consideration to the suggestions made. However, considered in the light of broader implications by the administration or the board, there may be sound reasons for modifying or for failing to implement the auditor's suggestions.

The Illinois Junior College Board does not require the submission of the management letter to it; however, the audit must contain a statement as to the adequacy of internal controls and also whether suggestions for improvement, if any, have been given to the local college.

IX. JUNIOR COLLEGE AUDIT QUESTIONNAIRE

To facilitate the preparation of audit standards and guidelines for the Public Junior College System, the Illinois Junior College Board is requesting each auditor to submit to it a copy of their responses to this questionnaire. Instructions for the completion of this questionnaire are attached to the questionnaire and also are reproduced in Appendix D of this manual.

APPENDIX A

LEGAL BASIS

(Appendix A will be distributed to all junior colleges after July 1, 1971, in order to include the latest revisions made by the legislature.)

APPENDIX B

DEFINITION OF TERMS

Accrual basis accounting. An accounting system that records revenues when due and expenditures when a liability is created, regardless of the accounting period in which cash payment is actually made. An encumbrance system may be used in conjunction with an accrual basis accounting system.

Activity--organizational unit--cost center. A specific unit or group in an organization that performs work or provides a service as part of the organization's overall responsibility. Expenditures are readily identifiable to the activity and a number of activities may form a department, division, or major functional area. For example, the biology department or security department are activities.

Appropriation. An authorization that enables the college to make expenditures and incur obligations for a specific purpose.

Assets. The entire property owned by a college.

Cash basis accounting. An accounting system that records only cash receipts and disbursements. An encumbrance system may be used in conjunction with a cash basis accounting system.

Character. A term that classifies expenditures based upon the period they benefit. There are three groups as follows: (1) expenses that benefit the current fiscal year; (2) capital outlay that benefits current and future fiscal years; (3) provisions for the retirement of debt that benefit prior, current and future fiscal years.

Disbursements. The actual payment of cash by the college.

Double-entry accounting. An accounting system that requires for every entry made to the debit side of an account or accounts there must be an equal entry to the credit side of an account or accounts.

Encumbrances. An anticipated liability or expenditure provided for by an appropriation which is recognized when a contract, purchase order, or salary commitment is made. It reduces the appropriation to avoid expenditure of funds needed to pay anticipated liabilities or expenditures.

Expenditures. The total charges incurred by the college regardless of time of payment.

Financial statement. A formal summary of accounting records setting forth the district's financial condition.

Function. A group of related activities within an organization that performs a major service as part of the organization's overall responsibility. For example, instruction or general administration is a function of the total college. The function designation is comparable to budget activities often used by colleges and universities.

Sub-function. A grouping of related activities within a particular function, such as the engineering division, business office, or registrar.

Fund equity. The balance of a fund after all liabilities have been deducted from the assets of the fund.

Liabilities. Legal obligations incurred by the college that must be liquidated, renewed, or refunded at a future date.

Modified accrual basis accounting. An accounting system that records revenue on the cash basis but records obligations incurred on the accrual basis. Commonly, this term is used for any mixture of cash and accural accounting.

Object. This term applies to expenditure classifications, and designates materials or services purchased. Expenditures are grouped by major objects, such as salaries, supplies, or capital outlay and are further divided as needed for cost accounting and control purposes.

Performance budget. A budget that is structured to allow for expenditure analysis based upon measurable performance of pre-determined objectives established by each activity.

Program budget. A budget that is structured to allow for expenditure analysis by activity based upon programs or organizational structure.

Traditional budget. A budget that is structured primarily upon objects of expenditure rather than a program or organizational structure.

Program split. This term refers to dividing the function instruction by baccalaureate-oriented, occupational-oriented, general studies, adult and continuing education, and any other desired program.

Receipt. The actual receipt of cash.

Reserve. An account used to segregate a portion of the surplus not available for appropriations or expenditures.

Revenue. Income that increases fund equity.

APPENDIX C

FINANCIAL STATEMENTS

The financial statements presented in this section are shown in order to illustrate statements that can readily be prepared based upon the accounting system set forth in this manual. The statements can be further detailed to the level of management information desired by each college.

APPENDIX D

EXTERNAL AUDITS

The statements and schedules contained herein are excerpts from the booklet "Instructions to External Auditors" and represent audit requirements of the Illinois Junior College Board . Included in Appendix D are

1. Conversion Statements
2. Verification of Claims Form
3. Junior College Audit Questionnaire
4. Sample--Auditor's Report
5. Sample--Separate Statement of Enrollment Verification
6. Suggested Audit Program--Verification of Enrollment

House Bill 377

AN ACT to add Sections 3-27.1 and 7-23.1 to the "Public Junior Collect Act," approved July 15, 1965, as amended.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1. Sections 3-27.1 and 7-23.1 are added to the "Public Junior Collect Act," approved July 15, 1965, as amended, the added Sections to read as follows:

Sec. 3-27.1, Contracts. To let all contracts for supplies, materials or work involving an expenditure in excess of $2,500 to the lowest responsible bidder after due advertisement, except contracts which by their nature are not adapted to award by competitive bidding, such as contracts for the services of individuals possessing a high degree of professional skill where the ability or fitness of the individual plays an important part, contracts for the printing of finance committee reports and departmental reports, contracts for the printing or engraving of bonds, tax warrants, and other evidences of indebtedness, contracts for utility services such as water, light, heat, telephone or telegraph, contracts for materials and work which have been awarded to the lowest responsible bidder after due advertisement, but due to unforeseen revisions, not the fault of the contractor for materials and work, must be revised causing expenditures not in excess of 10% of the contract price and contracts for the purchase of magazines, books, periodicals, pamphlets and reports, and except where funds are expended in an emergency and such emergency expenditure is approved by 3/4 of the members of the board. All competitive bids for contracts involving an expenditure in excess of

$2,500 must be sealed by the bidder and must be opened by a member or employee of the board at a public bid opening at which the contents of the bids must be announced. Each bidder must receive at least three (3) days' notice of the time and place of such bid opening. For purposes of this Section due advertisement includes, but is not limited to, at least one public notice at least ten (10) days before the bid date in a newspaper published in the district, or if no newspaper is published in the district, in a newspaper of general circulation in the area of the district.

Sec. 7-23.1, Contracts. The board shall let all contracts (other than those excepted by Section 3-27.1 of this Act) for supplies, materials or work involving an expenditure in excess of $2,500 by competitive bidding as provided in Section 3-27.1 of this Act.

Speaker, House of Representatives

President of the Senate

APPROVED:

this 12th day of August, 1971 A.D.

/s/ Richard B. Ogilvie
Governor

House Bill 2108

AN ACT to amend Section 6-2 of the "Public Junior College Act," approved July 15, 1965, as amended.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1. Section 6-2 of the "Public Junior College Act," approved July 15, 1965, as amended, is amended to read as follows:

Sec. 6-2. Any graduate of a recognized high school or student otherwise qualified to attend a public junior college and residing outside a junior college district but in a non-high school district or school district maintaining grades 9 through 12 which does not operate a junior college who notifies the board of education of his district by July 1, or by a later date fixed by a regulation of that board of education, of any year in which he thereafter expects to attend a recognized public junior college may, subject to Section 3-17, attend any recognized public junior college in the State of Illinois which he chooses, and the board of education of that district shall pay his tuition, for any semester, quarter or term which commences during the 12 month period following that July 1, from the educational fund or the proceeds of a levy made under Section 6-1 of this Act. If a resident is not eligible for tuition for a summer term because he did not notify his board of education by the previous July 1, he may become eligible for that tuition for a summer term by giving notice to the board of education by May 15 preceding his enrollment for the summer term. Such tuition may not exceed the per capita cost of the junior college attended for the previous year, or in the case of the first year of operation the estimated per capita cost, less the rate of State apportionment as stipulated in Sections

2-16 and 2-17 and any tuition paid by the student for the current year as provided in Sections 6-3 and 6-4 of this Act. The junior college per capita cost shall be computed, in a manner consistent with any accounting system prescribed by the State Board, by adding all of the non-capital expenditures including interest to that portion of capital expenditures appropriate for depreciation and then dividing by the average number of all full-time students as defined in this Section.

Any person who has notified the board of education of his district by July 1 of any year in which he thereafter expects to attend a recognized public junior college and who is a resident of that district on July 1 shall have his tuition paid by that district for the 12 months following that July 1 so long as he resides in Illinois outside a junior college district or a district maintaining grades 9 through 12 which operates a junior college. If he becomes a resident of a junior college district or a district maintaining grades 9 through 12 which operates a junior college, he shall be classified as a resident of that district at the beginning of any semester, quarter or term following that change of residence.

If a resident of a junior college district or a district maintaining grades 9 through 12 which operates a junior college wishes to attend the junior college maintained by the district of his residence but the program in which the student wishes to enroll is not offered by that junior college the student may attend any recognized public junior college in some other district, subject to the provisions of Section 3-17, and have his tuition paid by the junior college district of his residence while enrolled in a program at that college which is not offered by his home junior college if he makes

application to his home Board at least 30 days prior to the beginning of any semester, quarter or term in accordance with rules, regulations and procedures established and published by his home board. The payment of tuition by his district of residence may not exceed the per capita cost of the junior college attended, as defined in this Section, less the rate of State apportionment as stipulated in Sections 2-16 and 2-17 and any tuition paid by the student for the current year as provided in Sections 6-3 and 6-4 of this Act.

Payment shall be made hereunder to the junior college district of attendance immediately upon receipt, by the district liable for the payment, of a statement from that junior college district of the amount due it.

If the moneys in the educational fund or the proceeds from a levy made under Section 6-1 of this Act of a district liable for payments under this Section are insufficient to meet such payments, the district liable for such payments may issue tax anticipation warrants as provided in Section 17-16 of The School Code.

A full-time student is defined as a student doing 15 semester hours of work or the equivalent thereof, and the number of full-time students enrolled shall be determined by dividing by 15 the total number of semester hours of work carried by all students of the college through the mid-term of each semester, quarter or term in any fiscal year, and by computing the average number of full-time students enrolled on those dates. Tuition of students carrying more or less than 15 semester hours of work shall be computed in the proportion which the number of hours so carried bears to 15 semester hours.

If the United States Government, the State of Illinois, or any agency pays tuition for any junior college student, neither the district of residence of the student nor the student may be required to pay that tuition or such part thereof as it otherwise paid. No part of the State's financial responsibility provided for in Sections 2-16 and 2-17 may be transferred to a student's district of residence under this Section.

Speaker, House of Representatives

President of the Senate

APPROVED:

This 23rd day of June, 1971, A.D.

/s/ Richard B. Ogilvie
Governor

House Bill 1571

AN ACT to amend Section 6-2 of the "Public Junior College Act," approved July 15, 1965, as amended.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 1. Section 6-2 of the "Public Junior College Act," approved July 15, 1965, as amended, is amended to read as follows:

Sec. 6-2. Any graduate of a recognized high school or student otherwise qualified to attend a public junior college and residing outside a junior college district who notifies the board of education of his district by September 15, or by the beginning of the fall term, whichever is later, or by a later date fixed by a later date fixed by a regulation of that board of education, of any academic year and the following summer term in which he expects to attend a recognized public junior college may, subject to Section 3-17, attend any recognized public junior college in the State of Illinois which he chooses, and the board of education of that district shall pay his tuition, for any semester, quarter or term of that academic year and the following summer term from the educational fund or the proceeds of a levy made under Section 6-1 of this Act. If a resident is not eligible for tuition for a summer term because he did not notify his board of education by the previous September 13, he may become eligible for that tuition for summer term by giving notice to the board of education by May 15 preceding his enrollment for the summer term. Such tuition may not exceed the per capita cost of the junior college attended for the previous year, or in the case of the first year of operation the estimated per capita cost, less certain deductions to be computed in the manner

set forth below. The junior college per capita cost shall be computed, in a manner consistent with any accounting system prescribed by the State Board, by adding all of the non-capital outlay expenditures including interest to the depreciation on capital outlay expenditures paid from sources other than State and Federal funds and then dividing by the number of full-time equivalent students for the fiscal year as defined in this section. The junior college tuition to be charged to the district of the student's residence shall be computed, in a manner consistent with any accounting system prescribed by the State Board, by adding all of the non-capital expenditures for the previous year including interest to the depreciation on capital outlay expenditures paid form sources other than State and Federal funds less any payments toward non-capital expenditures received from State and Federal sources for the previous year except State apportionment or flat rate grants through the State Board and then dividing by the number of full-time equivalent students for that fiscal year as defined in this section; this average per student computation shall be converted to a semester hour or quarter hour base and further reduced by the rate of State apportionment or flat rate grant for the current year as provided for in Section 2-16 and any rate of tuition charged to students for the current year as authorized in Section 6-4 of this Act.

Any person who has notified the board of education of his district as provided above and who is a resident of that district at the time of such notification shall have his tuition paid by that district for that academic year and the following summer term so long as he resides in Illinois outside a junior college district.

If he becomes a resident of a junior college district, he shall be classified as a resident of that district at the beginning of any semester, quarter or term following that change of residence.

If a resident of a junior college district wishes to attend the junior college maintained by the district of his residence but the program in which the sutdent wishes to enroll is not offered by that junior college, the student may attend any recognized public junior college in some other district subject to the provisions of Section 3-17, and have his tuition paid by the junior college district of his residence while enrolled in a program at that college which is not offered by his home junior college if he majes application to his home Board at least 30 days prior to the beginning of any semester, quarter or term in accordance with rules, regulations and procedures established and published by his home board. The payment of tuition by his district of residence may not exceed the per capita cost of the junior college attended for the previous year, or in the case of the first year of operation the estimated per capita cost, less certain deductions to be computed in the manner set forth above for the junior college tuition to be charged to the district of the student's residence.

Payment shall be made hereunder to the junior college district of attendance immediately upon receipt, by the district liable for the payment, of a statement form that junior college district of the amount due it. Before sending such a statement requesting payment, however, the junior college district of attendance shall make all calculations and deductions required under this Section so that the amount requested for payment is the exact amount required under this

Section to be paid by the district liable for payment.

A full-time equivalent student for a semester, quarter or term is defined as a student doing 15 semester hours of work per semester or 15 quarter hours of work per quarter or the equivalent thereof, and the number of full-time equivalent students enrolled per term shall be determined by dividing by 15 the total number of semester hours or quarter hours of work or the equivalent thereof carried by all students of the college through the mid-term of each semester, quarter or term. The number of full-time equivalent students for a fiscal year shall be computed by adding the total number of semester hours or quarter hours of work or the equivalent thereof carried by all students of the college through the mid-term of each semester, quarter or term during that fiscal year and dividing that sum by 30 semester hours or 45 quarter hours or the equivalent thereof depending upon the credit hour system utilized by the college. Tuition of students carrying more or less that 15 semester hours of work per semester or 15 quarter hours of work per quarter or the equivalent thereof shall be computed in the proportion which the number hours so carried bears to 15 semester hours or 15 quarter hours or the equivalent thereof.

If the United States Government, the State of Illinois, or any agency pays tuition for any junior college student, neither the district of residence of the student nor the student may be required to pay that tuition or such part thereof as is otherwise paid. No part of the State's financial responsibility provided for in Sections 2-16 and 2-17 may be transferred to a student's district of residence under this section.

Speaker, House of Representatives

President of the Senate

APPROVED:

This 17th day of September, 1971, A.D.

/s/ Richard B. Ogilvie
Governor

COLLEGE _____
DIST. NO. _____
YEAR ENDED _____
UNIFORM CONVERSION STATEMENT

OPERATING REVENUES BY SOURCE	Educational Fund	Building Fund	Total Operating Funds
Local Government			
Current Taxes			
Back Taxes			
Payment in Lieu of Taxes			
Charge-Back Revenue			
Non-Junior College Territory			
Other Junior Colleges			
Other (List)			
Total Local Government			
State Government			
State Apportionment			
Equalization Grants			
Vocational-Technical Grants			
Public Service Grants			
Disadvantaged Service Grants			
Ill. Board of Voc.Ed.Reim.			
OSPI Grants			
Dept. of Local Gov. Affairs			
Ill. Board of Higher Education			
Other (List)			
Total State Government			
Federal Government			
Vocational Ed. Reimb.			
Other (List)			
Student Tuition and Fees			
Tuition			
Fees			
Other (List)			
Local Tuition and Fees			
Other Sources			
Sales and Service Fees			
Facilities Revenue			
Interest on Investments			
Non-Governmental Grants			
Other Revenue (List)			
Total Other Services			
TOTAL REVENUE			

BOND REVENUES BY SOURCE	
Sale of Bonds	
Interest	
Other	
Total	$

COLLEGE _____
DIST. NO. _____
YEAR ENDED _____
UNIFORM CONVERSION STATEMENT

OPERATING EXPENDITURES FUNCTION

	Educational Fund	Building Funds	Total Operating Funds
Instructional			
Learning Resource Center			
Student Services			
Public Service			
Data Processing Services			
General Administration			
Auxiliary Services			
Operation and Maintenance of Plant			
General Institutional			
Totals			

OPERATING EXPENDITURES BY OBJECT

Salaries (Academic)			
Salaries (Non-Academic)			
Employee Benefits			
Contractual			
General Supplies and Materials			
Travel and Meeting Expenses			
Fixed Charges			
Plant Utilities			
Capital Outlay			
Other			
Totals			

BOND EXPENDITURES BY FUNCTION

General Administration	
Site	
Construction	
Equipment	
Other	
Totals	

VERIFICATION OF CLAIMS TO THE ILLINOIS JUNIOR COLLEGE BOARD

COLLEGE _____
DIST. NO. _____
YEAR ENDED _____

PROGRAM

CREDIT

	Term	Allowable Sem/Qrtr Hrs	Rate	Extension
Summer				
Fall				
Spring				
Total per Aid Claim				

CREDIT EQUIVALENCY

	Term	Allowable Sem/Qrtr Hrs	Rate	Extension
Summer				
Fall				
Spring				
Total per Aid Claim				

*EQUALIZATION

	Term	Allowable Sem/Qrtr Hrs	Rate	Extension
Summer				
Fall				
Spring				
Total per Aid Claim				

*Applies only to those districts designated by the Illinois Junior College Board.

ILLINOIS JUNIOR COLLEGE BOARD INSTRUCTIONS FOR THE INFORMATIONAL QUESTIONNAIRE

This questionnaire was prepared by the staff of the Illinois Junior College Board for the purpose of gathering background information for the preparation of a guide book for the auditing of public junior colleges.

Answers to the questionnaire should be brief. For example, the answer to question 1-a. could be:

1-a. Yes, funds were found to comply with format and classification as outlined in the manual.

and 2-a. could be:

2-a. No, the annual budget is prepared solely by college personnel

The answers to the questionnaire should be typewritten on the letterhead of the firm and the last page should be signed by a partner or officer of the firm. The answer sheet could be in the form of a letter to Fred L. Wellman, Executive Secretary of the Illinois Junior College Board.

In conclusion, in the completing of the questionnaire, answers should be brief, typed and the answer sheet signed. The staff of the Illinois Junior College Board wishes to extend its appreciation for the cooperation given us in the past by the accounting profession and expresses the sincere belief that the outcome of the analysis of these questionnaires will prove beneficial to the colleges, audit firms and the Illinois Junior College Board.

ILLINOIS JUNIOR COLLEGE BOARD

The following audit questionnaire is to be completed by independent public accountants performing audits of Illinois junior colleges for the year ending June 30, 1972. This questionnaire is designed to give the internal audit staff of the Illinois Junior College Board an insight into the type and extent of work supporting the independent accountant's opinion.

GENERAL

1. Does your firm have a copy of the 1971 edition of the Uniform Accounting Manual (UAM) for Illinois Junior Colleges, and was it reviewed prior to commencing your audit? Were appropriate tests made to determine the following:

    a. Compliance with UAM provisions for classification of accounting transactions within the nine types of funds provided for in Chapter 3.

    b. Compliance with minimum audit requirements for testing of state apportionment claim.

    c. Compliance with UAM relating to modified accrual accounting.

    d. Compliance with UAM relating to minimum statements required to be included in audit reports.

2. Does your firm prepare any of the following documents for the college?

    a. Annual Budget

    b. Annual financial statements

    c. State apportionment claim

    d. Other claim on financial reports (specify)

3. Was an internal control or management report to be issued for the year ended June 30, 1972?

4. Did the scope of your audit include a review of the data processing function at the college and were your recommendations for improvement relating to both the operations and procedures if any included in the internal control or management report?

5. Were recommendations in your internal control or management report classified as implemented, in-process or current?

6. Did the scope of the current year's examination include analysis and evaluation of the college's insurance coverage? Was such insurance coverage confirmed with either the issuing insurance company or the local insurance agency?

7. Were legal counsels of the college contacted at year end to determine the extent to which the college may be liable for current lawsuits, injury claims, etc.?

EDUCATION FUND

1. Was the audit of enrollment at mid-term of each semester (quarter) performed:

    a. On or shortly after the mid-term of each semester (quarter)

    b. After the end of the fiscal year

    c. On or shortly after the mid-term of one semester (quarter) and the balance audited after the end of the fiscal year

    d. Other (specify)

2. Were mid-term grade reports, which are the basis for apportionment claims, confirmed with instructions and were other detailed tests performed so as to be in a position to give an opinion on the accuracy of the current year's apportionment claims?

3. Were year-end bank reconciliations reviewed, confirmation of year-end balances obtained direct with respective banks and such other tests performed on reconciling or intransit items, as deemed necessary?

4. Was the calculation of and the account distribution of payrolls tested?

5. Were appropriate tests to establish the existence of all employees appearing on the payrolls made?

6. Did the tests of taxes received from local county treasures include:

    a. Confirming total taxes received during current year with respective county treasures?

    b. Confirming taxes receivable at year end with county treasures?

    c. Tracing receipts of all tax monies from local sources to respective bank statements or reconciling to total cash received during the year?

7. Were detailed tests performed to substantiate the reasonableness of the following types of claims:

    a. Reimbursements from vocation rehabilitation due under State Technical Educational Programs?

    b. Reimbursement due under Manpower Development and Training Act?

    c. All other grant programs maintained at the college?

8. Were registration procedures at either fall, spring or summer sessions observed?

9. Were detailed tests performed to substantiate that students currently enrolled have been properly charged for the courses they were given credit for? Was the source of the selection of individual students to be tested made from the registrar's records as opposed to the accounting department records? Were detailed tests performed on documentation supporting charge-backs for out of district students?

10. Were receivables from students for tuition circularized?

11. Was the allowance for doubtful student accounts receivable tested?

12. Were detailed tests performed of current year's investment transactions by the college and was adequate investigation made to determine that the types of investments made conformed to the Illinois Public Junior College Act?

13. Were investments held by the college at year end confirmed?

14. Were year end inventories, both at the college's cafeteria and bookstore observed?

15. Was the basis for converting from retail to lower-of-cost or market audited and was a review made to determine that all obsolete inventory had been written down to its resale value?

16. Was a search for unrecorded liabilities performed at year end?

17. Were adequate tests performed to determine if payments made by the college were adequately approved, supported and proper account distribution assigned?

18. Was statistical sampling used during the audit?

19. Were purchasing policies reviewed to determine compliance with state requirements?

20. Were year end encumbrances tested for propriety?

21. Were explanations of significant increases and decreases in account balances between the current and prior year obtained? Were explanations obtained for significant variations between the current year's actual income and expense and budgeted income and expense?

BUILDING FUND

1. Were tests of tax revenue and marketable securities, as noted in the Education Fund above, made for comparable amounts in the Building Fund?

2. Were adequate tests made to determine that expenditures made from the Building Fund were properly classified and properly chargeable to the Building Fund?

SITE AND CONSTRUCTION FUND

1. Were tests of revenue and expenditures of the Stie and Construction Fund tested in the same manner as noted above in the Education Fund?

BOND AND INTEREST FUND

1. Were tests of tax levies, accounts payable, revenue and expenditures, as noted in the Educational Fund, also made for similar transactions in the Bond and Interest Fund?

INVESTMENT IN PLANT

1. Were adequate tests of the college's detail fixed asset records made to insure that capital assets, acquired in both the current year and prior years, were on hand and in use?

RESTRICTIVE PURPOSE FUND

1. Were year-end balances of funds held by the college for various student organizations on campus confirmed directly with treasurers of various organizations?

2. Were receipts and disbursements of these funds reviewed for propriety?

3. Were detail tests performed of the various federally funded programs (NDSL, CWSP, etc.)?

4. Were opinions rendered on reports required by the Department of Health, Education and Welfare for federal programs noted in 3 above?

ILLINOIS JUNIOR COLLEGE BOARD
INSTRUCTIONS TO INDEPENDENT AUDITORS
SAMPLE AUDITORS REPORT

SCOPE

We have examined the statements of assets and liabilities of the Educational, Building (etc.) funds of Junior College District #___, as of June 30, 19__, and the related statements of revenue and changes in fund balance for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and the Uniform Accounting Manual of the Illinois Junior College Board and accordingly included such tests of accounting records and other auditing procedures as we considered necessary under the circumstances, including accepted auditing standards verifying student enrollments and any other bases upon which claims were filed with the Illinois Junior College Board.

OPINION

In our opinion, the accompanying financial statements present fairly the financial position of Junior College District #____as of June 30, 19__, and the results of its operations for the year then ended, in conformity with the regulations of the Illinois Junior College Board as to claims, and in conformity with the Uniform Accounting Manual of the Illinois Junior College Board and generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ILLINOIS JUNIOR COLLEGE BOARD INSTRUCTIONS TO INDEPENDENT AUDITORS

Sample - Separate Statement of Enrollment Verification

We have examined the accompanying schedules of state apportionment claims (equalization claims etc.) of XYZ college - Junior College District No. 999 for the year ended June 30, 197X. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances including verification of student enrollments and other bases upon which claims were filed with the Illinois Junior College Board.

In our opinion, the accompanying schedules fairly present the financial basis for claims to the Illinois Junior College Board.

ILLINOIS JUNIOR COLLEGE BOARD
SUGGESTED AUDIT PROGRAM
VERIFICATION OF ENROLLMENT
DATA USED TO CLAIM STATE AID

1. Obtain copies of apportionment claims filed during the current year
year.
2. Verify the extensions and totals of the data on the claim forms.
3. Trace the apportionment received to the records of the college, i.e. cash receipts, journals, general ledgers, etc.
4. Obtain course enrollment summary, "seat count" summary, credit hour by class summary or other such summary used to indicate enrollment at mid-semester.
5. Select a reasonable sample of courses from the summaries and trace both course name and hours of credit to the college's published catalog.
6. Check the computation of total eligible credit hours for each course.
7. Trace the total eligible credit hours to the summaries.
8. Obtain a sample of mid-term grade reports for the fall and spring semesters.
9. Compare signatures on grade reports to signatures on federal income tax withholding form W-4.
10. Test trace totals per grade reports to totals on enrollment summaries.
11. Confirm a sample of individual classes, i.e. grade reports with the instructors.

UNIVERSITY OF CALIF.
LOS ANGELES

OCT 18 1974

CLEARINGHOUSE FOR
JUNIOR COLLEGE
INFORMATION